



# भारत का राजपत्र

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इस भाग में भिन्न पृष्ठ संख्या वाली जाती है जिससे कि यह भलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

### LOK SABHA

The following Bill was introduced in Lok Sabha on 19th March, 1990:—

#### BILL NO. 37 OF 1990

*A Bill to give effect to the financial proposals of the Central Government for the financial year 1990-91.*

Be it enacted by Parliament in the Forty-first Year of the Republic of India as follows:—

### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Finance Act, 1990.

(2) Save as otherwise provided in this Act, sections 2 to 59 shall be deemed to have come into force on the 1st day of April, 1990.

Short title  
and com-  
mence-  
ment.

### CHAPTER II

#### RATES OF INCOME TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1990, income-tax shall be charged at the rates specified in Part 1 of the First Schedule and shall be increased,—

Income  
Tax

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of changing income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of eighteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that the amount of income-tax so arrived at shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate

43 of 1961.

of eight per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that in respect any income-chargeable to tax under section 115B or section 115BB of the Income-tax Act, the income-tax computed under section 115B or section 115BB shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(a) in the cases to which the provisions of sub-item (a) of item 1 of that Part apply, by surcharge for purposes of the Union; and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(5) In cases in which tax has to be deducted under section 194C of the Income-tax Act, the deduction shall be made at the rates specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such deduction.

(6) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rate specified in that section and shall be increased by surcharge to purposes of the Union calculated at the rate of eight per cent. of such collection.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduce by the rebate of income-tax calculated under Chapter VIII-A shall be increased,—

(a) in the cases to which Paragraph A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167-B of the income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that in respect of any income chargeable to tax under section 115B of the income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such "advance tax".

(8) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agriculture income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(9) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company within the meaning of clause (18) of section 2 of the Income-tax Act, and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1990, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of the Act;

(c) "Insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Income from house property", "Capital gains" and "Income from other sources" or of income by way of interest on securities;

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

### CHAPTER III

#### DIRECT TAXES

##### *Income-tax*

Amend-  
ment of  
section 2.

3. In section 2 of the Income-tax Act,—

(i) in clause (24),—

(a) after sub-clause (v), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

“(va) any sum chargeable to income-tax under clause (iiia) of section 28;”;

(b) for the existing clause (va), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1967, namely:—

“(vb) any sum chargeable to income-tax under clause (iiib) of section 28;

“(vc) the value of any benefit or perquisite taxable under clause (iv). of section 28;”;

(c) after sub-clause (vc), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1972 namely:—

“(vd) any sum chargeable to income-tax under clause (iiic) of section 28;”;

(ii) in clause (40), for the word and figures "section 143", the words, brackets and figures "sub-section (3) of section 143" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989;

(iii) clause (42C) [as inserted by clause (ii) of section 2 of the Direct Tax Laws (Second Amendment) Act, 1989] shall be omitted.

**4. In section 10 of the Income-tax Act, in-clause (15),—**

(i) in sub-clause (iv), in item (i), after the words "State Government", the words "or a public sector company" shall be inserted with effect from the 1st day of April, 1991;

(ii) after sub-clause (iv), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

"(v) interest on securities held by the Registrar, Supreme Court, in Reserve Bank's SGL Account No. SL/DH 048;".

**5. In section 28 of the Income-tax Act,—**

(a) after clause (iii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"(iiia) profits on sale of a licence granted under the Imports (Control) Order, 1955, made under the imports and Exports (Control) Act, 1947;";

(b) after clause (iiia), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1967, namely:—

"(iiib) cash assistance (by whatever name called) received or receivable by any person against exports under any scheme of the Government of India;";

(c) after clause (iiib), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1972, namely:—

"(iiic) any duty of customs or excise re-paid or re-payable as drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971;".

**6. In section 32A of the Income-tax Act,—**

(i) in sub-section (4), in clause (ii), in the opening portion, for the words "the previous year in respect of which the deduction is to be allowed", the words, brackets and figure "any previous year in respect of which the deduction is to be allowed under sub-section (3) or any earlier previous year (being a previous year not earlier than the year in which the ship or aircraft was acquired or the machinery or plant was installed or the ship, aircraft, machinery or plant was first put to use)" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1976;

(ii) sub-section (9) shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1976.

**7. In section 32AB of the Income-tax Act, in sub-section (1), after the first proviso, the following proviso shall be inserted, namely:—**

"Provided further that no such deduction shall be allowed in relation to the assessment year commencing on the 1st day of April, 1991, or any subsequent assessment year."

Amend-  
ment of  
section 10.

Amend-  
ment of  
section 28.

Amend-  
ment of  
section  
32A.

Amend-  
ment of  
section  
32AB.

Amend-  
ment of  
section  
33A.

**8.** In section 33A of the Income-tax Act, in sub-section (1), for the proviso, the following provisos shall be substituted, namely:—

“Provided that no deduction under clause (i) shall be allowed unless the planting has commenced after the 31st day of March, 1965, and been completed before the 1st day of April, 1990:

Provided further that no deduction shall be allowed under clause (ii) unless the planting has commenced after the 31st day of March, 1965, and been completed before the 1st day of April, 1970.”.

Amend-  
ment of  
section  
34.

**9.** In section 34 of the Income-tax Act, in sub-section (3), in clause (a),—

(i) for the words “the relevant previous year”, the words, brackets and figure “any previous year in respect of which the deduction is to be allowed under sub-section (2) of that section or any earlier previous year (being a previous year not earlier than the year in which the ship was acquired or the machinery or plant was installed or the ship, machinery or plant was first put to use)” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1962;

(ii) the *Explanation* shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1992.

Amend-  
ment of  
section  
35CCB.

**10.** In section 35CCB of the Income-tax Act, with effect from the 1st day of April, 1991,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Where an assessee incurs any expenditure by way of payment of any sum,—

(a) to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources or of afforestation, to be used for carrying out any programme of conservation of natural resources or afforestation approved by the prescribed authority; or

(b) to such fund for afforestation as may be notified by the Central Government,

the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of such expenditure incurred during the previous year.”;

(ii) in sub-section (2), in the opening portion, after the words “deduction under”, the words, brackets and letter “clause (a) of” shall be inserted.

Amend-  
ment of  
section  
43B.

**11.** In section 43B of the Income-tax Act, with effect from the 1st day of April, 1991,—

(a) in clause (d), after the words “any public financial institution”, the words “or a State financial corporation or a State industrial investment corporation” shall be inserted;

(b) for *Explanation 4*, the following *Explanation* shall be substituted, namely:—

*'Explanation 4.—For the purposes of this section,—*

1 of 1956.

(a) “public financial institution” shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

63 of 1951.

(b) “State financial corporation” means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;

1 of 1956.

(c) “State industrial investment corporation” means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (viii) of sub-section (1) of section 36.’.

**12. In section 44AC of the Income-tax Act, with effect from the 1st day of April, 1991,—**

Amend-  
ment of  
section  
44AC.

(a) in sub-section (1), in clause (a), the following *Explanation* shall be inserted at the end, namely:—

*'Explanation.—For the purposes of this clause, “purchase price” means any amount (by whatever name called) paid or payable by the buyer to obtain the goods referred to in this clause, but shall not include the amount paid or payable by him towards the bid money in an auction, or, as the case may be, the highest accepted offer in case of tender or any other mode,’;*

(b) in the *Explanation*, after the word “firm”, the words “or co-operative society” shall be inserted.

**13. In section 45 of the Income-tax Act, after sub-section (5) and the *Explanation* thereto, the following sub-section shall be inserted with effect from the 1st day of April, 1991, namely:—**

Amend-  
ment of  
section  
45.

**'(6) Notwithstanding anything contained in sub-section (1), the difference between the repurchase price of the units referred to in sub-section (2) of section 80CCB and the capital value of such units shall be deemed to be the capital gains arising to the assessee in the previous year in which such repurchase takes place or the plan referred to in that section is terminated and shall be taxed accordingly.**

*Explanation.—For the purposes of this sub-section, “capital value of such units” means any amount invested by the assessee in the units referred to in sub-section (2) of section 80CCB.’*

**14. In section 80CCA of the Income-tax Act, with effect from the 1st day of April, 1991,—**

Amend-  
ment of  
section  
80CCA.

(a) in sub-section (1), for the proviso, the following proviso, shall be substituted namely:—

*Provided that in relation to—*

*(a) the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990, this sub-section*

shall have effect as if for the words "twenty thousand rupees", the words "thirty-thousand rupees" had been substituted;

(b) the assessment year commencing on the 1st day of April, 1991 and subsequent assessment years, this sub-section shall have effect as if for the words "twenty thousand rupees", the words "forty thousand rupees" had been substituted.;

(b) after sub-section (2), and before *Explanation 1*, the following sub-section shall be inserted, namely:—

"(3) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.".

Insertion  
of new  
section  
80CCB.

Deduction  
in respect  
of invest-  
ment made  
under  
Equity  
Linked  
Savings  
Scheme.

**15.** After section 80CCA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1991, namely:—

**"80CCB. (1) Where an assessee, being—**

**(a) an individual, or**

**(b) a Hindu undivided family; or**

**(c) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu.**

has acquired in the previous year, out of his income chargeable to tax, units of any Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India established under the Unit Trust of India Act, 1963, under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf (hereafter in this section referred to as the Equity Linked Savings Scheme), he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of so much of the amount invested as does not exceed the amount of ten thousand rupees in the previous year.

52 of 1963.

**(2) Where any amount invested by the assessee in the units issued under a plan formulated under the Equity Linked Savings Scheme in respect of which a deduction has been allowed under sub-section (1) is returned to him in whole or in part either by way of repurchase of such units or on the termination of the plan, by the Fund or the Trust, as the case may be, in any previous year, it shall be deemed to be the income of the assessee of that previous year and chargeable to tax accordingly.**

**(3) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of**

a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.”.

**16.** In the Income-tax Act, after section 80D, the following section shall be inserted with effect from the 1st day of April, 1991, namely:—

“80DD. (1) Where an assessee who is resident in India, being an individual or a Hindu undivided family as, during the previous year, incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a person who—

(a) is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependent on any person other than such individual or Hindu undivided family for the support or maintenance, and

(b) is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules made in this behalf by the Board, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital or a Government dispensary, and which has the effect of reducing considerably such person’s capacity for normal work or engaging in a gainful employment or occupation,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of six thousand rupees as reduced by an amount equal to the income, if any, of such person (hereafter in this section referred to as handicapped dependent) in respect of the previous year:

Provided that where the assessee has, during the previous year, incurred expenditure on more than one handicapped dependent, the deduction shall be allowed only with reference to one such handicapped dependent as may be chosen by the assessee.

(2) Nothing contained in this section shall apply in a case, where the assessee’s total income in respect of the previous year as computed before making any deduction under this section exceeds sixty thousand rupees.”.

**17.** In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1991,—

(i) in clause (c), after the words “natural resources”, at both the places where they occur, the words “or of afforestation” shall be inserted;

(ii) after clause (c), the following clause shall be inserted namely:—

“(cc) any sum paid by the assessee in the previous year to such fund for afforestation as is notified by the Central Government under clause (b) of sub-section (1) of section 35CCB;”.

Insertion  
of new  
section  
80DD.  
Dedu-  
ction in  
respect of  
medical  
treatment,  
etc., of  
handi-  
capped  
depen-  
dents.

Amend-  
ment of  
section  
80GGA.

Amend-  
ment of  
section  
80HH.

**18. In section 80HH of the Income-tax Act,—**

(a) in sub-section (2), in clause (i), after the words, figures and letters “the 31st day of December, 1970”, the words, figures and letters “but before the 1st day of April, 1990” shall be inserted;

(b) in sub-section (3), in clause (i), after the words, figures and letters “the 31st December, 1970”, the words, figures and letters “but before the 1st day of April, 1990” shall be inserted.

Amend-  
ment of  
section  
80HHA.

**19. In section 80HHA of the Income-tax Act, in sub-section (2), in clause (i), after the words, figures and letters “the 30th day of September, 1977”, the words, figures and letters “but before the 1st day of April, 1990” shall be inserted.**

Amend-  
ment of  
section  
80HHC.

**20. In section 80HHC of the Income-tax Act,—**

(a) in sub-section (2), in clause (a),—

(i) for the word “receivable”, the words “received in, or brought into, India” shall be substituted with effect from the 1st day of April, 1991;

(ii) after the word “assessee”, the brackets and words “(other than the supporting manufacture)” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989;

(iii) after the words “convertible foreign exchange”, the words and brackets “, within a period of six months from the end of the previous year or, where the Chief Commissioner or Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control, unable to do so within the said period of six months, within such further period as the Chief Commissioner or Commissioner may allow in this behalf” shall be inserted with effect from the 1st day of April, 1991;

(b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1991, namely:—

‘(3) For the purposes of sub-section (1), profits derived from the export of goods or merchandise out of India shall be the amount which bears to the profits of the business (as computed under the head “Profits and gains of business or profession”), the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.’;

(c) in the *Explanation*, with effect from the 1st day of April, 1991,—

(i) in clause (b),—

(I) for the word “receivable”, the words “, received in, or brought into, India” shall be substituted;

(2) after the words “foreign exchange”, the words, brackets and figure “in accordance with clause (u) of sub-section (2)” shall be inserted;

(ii) after clause (b), the following clause shall be inserted, namely:—

'(bb) "total turnover" shall not include any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28;';

(iii) in clause (d), for the words "manufacturing goods", the words and brackets "manufacturing (including processing) goods" shall be substituted.

**21.** In section 80HHD of the Income-tax Act, with effect from the 1st day of April, 1991,—

(a) in sub-section (2), for the words "by the assessee in convertible foreign exchange", the words and brackets "in, or brought into, India by the assessee in convertible foreign exchange within a period of six months from the end of the previous year or, where the Chief Commissioner or Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control unable to do so within the said period of six months, within such further period as the Chief Commissioner or Commissioner may allow in this behalf" shall be substituted;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

'(3) For the purposes of sub-section (1), profits derived from services provided to foreign tourist shall be the amount which bears to the profits of the business (as computed under the head "Profits and gains of business or profession") the same proportion as the receipts specified in sub-section (2) bear to the total receipts of the business carried on by the assessee.'

**22.** In section 80-I of the Income-tax Act,—

(a) after sub-section (1), the following sub-section shall be inserted, namely:—

'(1A) Notwithstanding anything contained in sub-section (1), in relation to any profits and gains derived by an assessee from—

(i) an industrial undertaking which begins to manufacture or produce articles or things or to operate its cold storage plant or plants; or

(ii) a ship which is first brought into use; or

(iii) the business of a hotel which starts functioning,

on or after the 1st day of April, 1990, there shall, in accordance with the subject to the provisions of this section, be allowed in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty-five per cent, thereof:

Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect in relation to profits and gains derived from an industrial undertaking or

Amend-  
ment of  
section  
80HHD.

Amend-  
ment of  
section  
80-I.

a ship or the business of a hotel as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted;'

(b) in sub-section (2), in clause (iii), for the words "nine years", the words "fourteen years" shall be substituted;

(c) in sub-section (3), in clause (iii), for the words "nine years", the words "fourteen years" shall be substituted;

(d) in subsection (4), in clause (iv), for the words, figures and letters "before the 1st day of April, 1990", the words, figures and letters "before the 1st day of April, 1995" shall be substituted;

(e) in sub-section (5), after the second proviso, the following provisos shall be inserted, namely:—

"Provided that in the case of—

(i) an industrial undertaking which begins to manufacture or produce articles or things or to operate its cold storage plant or plants; or

(ii) a ship which is first brought into use; or

(iii) the business of a hotel which starts functioning, on or after the 1st day of April, 1990, provisions of this sub-section shall have effect as if for the words "seven assessment years", the words "nine assessment years" had been substituted:

Provided also that in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking or a ship or a hotel referred to in the third proviso, the provisions of that proviso shall have effect as if for the words "nine assessment years", the words "eleven assessment years" had been substituted.'

Amend-  
ment of  
section  
80L.

23. In section 80L of the Income-tax Act, in sub-section (1), the following *Explanation* shall be inserted at the end, namely:—

*'Explanation.—For the purposes of this sub-section, the expression "security" means a Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944.'*

18 of 1944.

Substitu-  
tion of  
new sec-  
tion  
80M.

Dedu-  
ction in  
respect  
of certain  
intercor-  
porate  
dividends.

'80M. (1) Where the gross total income of a domestic company, in any previous year, includes any income by way of dividends from another domestic company, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of such domestic company, a deduction of an amount equal to,—

(i) in the case of a scheduled bank or a public financial institution sixty per cent. of the income by way of dividends from another domestic company;

(ii) in the case of other domestic companies, so much of the amount of income by way of dividends referred to in clause (i) as does not exceed the amount of dividend distributed by any domestic company on or before the due date.

(2) Where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under clause (ii) of sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

(3) Where the dividend distributed is in respect of any period comprised in the previous year ending on the 31st day of March, 1990, no deduction shall be allowed in respect of such dividend.

*Explanation.—*For the purposes of this section, the expressions—

23 of 1955.  
38 of 1959.

(i) "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act 1959, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under section 3 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980, or any other bank included in the Second Schedule to the Reserve Bank of India Act, 1934 and which is a domestic company;

5 of 1970.  
40 of 1980.  
  
2 of 1934.  
  
1 of 1956.

(ii) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

(iii) "due date" means the date for furnishing the return of income under sub-section (1) of section 139.'

**25.** In section 80R of the Income-tax Act, with effect from the 1st day of April, 1991,—

46 of 1973.

Amend-  
ment of  
section  
80R.

(a) for the words "allowed a deduction from such remuneration of an amount equal to fifty per cent, thereof, in computing the total income of the individual:", the words and figures "allowed, in computing the total income of the individual, a deduction from such remuneration of an amount equal to,—

(i) fifty per cent. of the remuneration; or

(ii) seventy-five per cent. of such remuneration as is brought into India by, or on behalf of, the assessee in accordance with the Foreign Exchange Regulation Act, 1973, and any rules made thereunder.

whichever is higher." shall be substituted;

(b) the proviso shall be omitted.

7 of 1947.

Amend-  
ment of  
section  
80RR.

**26.** In section 80RR of the Income-tax Act, for the words and figures "and such income is received in, or brought into, India by him or on his behalf in accordance with the Foreign Exchange Regulation Act, 1947, and any rules made thereunder, there shall be allowed a deduction from such income of an amount equal to twenty-five per cent. of the income so received or brought, in computing the total income of the individual",

the words and figures there shall be allowed, in computing the total income of the individual, a deduction from such income of an amount equal to,—

(i) fifty per cent. of the income; or

(ii) seventy-five per cent. of such income as is brought into India by, or on behalf of, the assessee in accordance with the Foreign Exchange Regulation Act, 1973 and any rules made thereunder,

whichever is higher" shall be substituted with effect from the 1st day of April, 1991.

46 of 1973.

Amend-  
ment of  
section  
80RRA

**27.** In section 80RRA of the Income-tax Act, in sub-section (1), the proviso shall be omitted with effect from the 1st day of April, 1991.

Amend-  
ment of  
Chapter  
VIII.

**28.** In the Income-tax Act, in Chapter VIII, with effect from the 1st day of April, 1991,—

(a) for the heading, the following heading shall be substituted, namely:—

"REBATES AND RELIEFS";

(b) before section 89, the following sub-headings and sections shall be inserted, namely:—

*'A.—Rebate of income-tax'*

Rebate to  
be allowed  
in comput-  
ing income-  
tax.

**87.** (1) In computing the amount of income-tax on the total income of an assessee with which he is chargeable for any assessment year, there shall be allowed from the amount of income-tax (as computed before allowing the deductions under this Chapter), in accordance with and subject to the provisions of sections 88 and 88A, the deductions specified in those sections.

(2) The aggregate amount of the deductions under section 88 or section 88A shall not, in any case, exceed the amount of income-tax (as computed before allowing the deductions under this Chapter) on the total income of the assessee with which he is chargeable for any assessment year.

Relation  
Life Insu-  
rance pre-  
mia, contri-  
bution to  
provident  
fund, etc.

**88.** (1) Subject to the provisions of this section, an assessee, being—

(a) an individual, or

(b) a Hindu undivided family, or

(c) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu,

shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to twenty per cent. of the aggregate of the sums referred to in sub-section (2).

(2) The sums referred to in sub-section (1) shall be any sums paid or deposited in the previous year by the assessee out of his income chargeable to tax—

(i) to effect or to keep in force an insurance on the life of persons specified in sub-section (4);

(ii) to effect or to keep in force a contract for a deferred annuity, not being an annuity plan referred to in clause (ii) of sub-section (1) of section 80CCA, on the life of persons specified in sub-section (4):

Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity;

(iii) by way of deduction from the salary payable by or on behalf of the Government to any individual being a sum deduction in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his wife or children, in so far as the sum so deducted does not exceed one-fifth of the salary;

19 of 1925.

(iv) as a contribution by an individual to any provident fund to which the Provident Funds Act, 1925 applies;

(v) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of any person specified in sub-section (4);

(vi) as a contribution by an employee to a recognised provident fund;

(vii) as a contribution by an employee to an approved superannuation fund;

(viii) in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time, where such sums are deposited in an account standing in the name of the persons specified in sub-section (4);

(ix) as subscription to any such security of the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf;

46 of 1959

(x) as subscription to the National Savings Certificates (VI Issue) and National Savings Certificates (VII Issue) issued under the Government Savings Certificates Act, 1959;

46 of 1959.

(xi) as subscription to any such savings certificate as defined in clause (a) of section 2 of the Government Savings Certificates Act, 1959, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(xii) as a contribution, by any person specified in sub-section (4), for participation in the Unit-linked Insurance Plan, 1971 (hereafter in this section referred to as the Unit-linked Insurance Plan) deemed to have been made under sub-clause (a) of clause (8) of section 19 of the Unit Trust of India Act, 1963;

52 of 1963.

(xiii) as a contribution by an individual for participation in any such unit-linked insurance plan of the LIC Mutual Fund notified under clause (23D) of section 10, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(xiv) as subscription to any such deposit scheme of the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (hereafter in this section referred to as the National Housing Bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

53 of 1987.

(xv) for the purposes of purchase or construction of a residential house property the construction of which is completed after the 31st day of March, 1987, and the income from which is chargeable to tax under the head "Income from house property" (or which would, if it had not been used for the assessee's own residence, have been chargeable to tax under that head), where such payments are made towards or by way of—

(a) any instalment or part payment of the amount due under any self-financing or other scheme of any development authority, housing board or other authority engaged in the construction and sale of house property on ownership basis; or

(b) any instalment or part payment of the amount due to any company or co-operative society of which the assessee is a shareholder or member towards the cost of the house property allotted to him; or

(c) repayment of the amount borrowed by the assessee from—

(1) the Central Government or any State Government, or

(2) any bank, including a co-operative bank, or

(3) the Life Insurance Corporation, or

(4) the National Housing Bank, or

(5) any public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes which is approved for the purposes of clause (viii) of sub-section (1) of section 36, or

(6) any company in which the public are substantially interested or any co-operative society, where such company or co-operative society is engaged in the business of financing the construction of houses, or

(7) the assessee's employer where such employer is a public company or a public sector company or a university established by law or a college affiliated to such university or a local authority;

(d) stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessee,

but shall not include any payment towards or by way of—

(A) the admission fee, cost of share and initial deposit which a shareholder of a company or a member of a co-operative society has to pay for becoming such shareholder or member; or

(B) the cost of the land, except where the consideration for the purchase of the house property is a composite amount and the cost of the land alone cannot be separately ascertained; or

(C) the cost of any addition or alteration to, or renovation or repair of, the house property which is carried out after the issue of the completion certificate in respect of the house property by the authority competent to issue such certificate or after the house property or any part thereof has either been occupied by the assessee or any other person on his behalf or been let out; or

(D) any expenditure in respect of which deduction is allowable under the provisions of section 24.

(3) The provisions of sub-section (2) shall apply only to so much of any premium or other payment made on a policy other than a contract for a deferred annuity as is not in excess of ten per cent. of the actual capital sum assured.

*Explanation.*—In calculating any such capital sum, no account shall be taken—

(i) of the value of any premiums agreed to be returned, or

(ii) of any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person.

(4) The persons referred to in sub-section (2) shall be the following, namely:—

(a) for the purposes of clause (i) of that sub-section,—

(i) in the case of an individual, the individual, the wife or husband and any child of such individual, and

(ii) in any other case, any member of the Hindu undivided family or association of persons or body of individuals and any child of any of the members of such association or body;

(b) for the purposes of clause (ii) of that sub-section,—

(i) in the case of an individual, the individual, the wife or husband and any child of such individual, and

(ii) in the case of an association of persons or body of individuals, any member and any child of any of the members of such association or body;

(c) for the purposes of clauses (v) and (viii) of that sub-section,—

(i) in the case of an individual, such individual;

(ii) in the case of a Hindu undivided family, any member of the family;

(iii) in the case of an association of persons or body of individuals, such association or body;

(d) for the purposes of clause (xii) of that sub-section,—

(i) in the case of an individual, such individual;

(ii) in the case of an association of persons or body of individuals, any one member of such association or body.

(5) Where the aggregate of any sums specified in clause (xv) of sub-section (2) exceeds an amount of ten thousand rupees, a deduction under sub-section (1) shall be allowed with reference to so much of the aggregate as does not exceed an amount of ten thousand rupees.

(6) The deduction from the amount of income-tax under sub-section (1) shall not exceed—

(i) in the case of an individual, being an author, playwright, artist, musician, actor or sportsman (including an athlete), fourteen thousand rupees;

(ii) in any other case, ten thousand rupees.

(7) Where, in any previous year, an assessee—

(i) terminates his contract of insurance referred to in clause (i) of sub-section (2), by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premiums by not reviving contract of insurance, before premiums have been paid for two years; or

(ii) terminates his participation in any unit-linked insurance plan referred to in clause (xii) or clause (xiii) of sub-section (2), by notice to that effect or where he

ceases to participate by reason of failure to pay any contribution, by not reviving his participation, before contributions in respect of such participation have been paid for five years; or

(iii) transfers the house property referred to in clause (xv) of sub-section (2) before the expiry of five years from the end of the financial year in which possession of such property is obtained by him, or receives back, whether by way of refund or otherwise, any sum specified in that clause,

then,—

(a) no deduction shall be allowed to the assessee under sub-section (1) with reference to any of the sums, referred to in clauses (i), (xii), (xiii) and (xv) of sub-section (2), paid in such previous year; and

(b) the aggregate amount of the deductions of income-tax so allowed in respect of the previous year or years preceding such previous year, shall be deemed to be tax payable by the assessee in the assessment year relevant to such previous year and shall be added to the tax on the total income of the assessee with which he is chargeable for such assessment year.

(8) In this section,—

(i) "contribution" to any fund shall not include any sums in repayment of loan;

(ii) "insurance" shall include—

(a) a policy of insurance on the life of an individual or the spouse or the child of such individual or a member of a Hindu undivided family securing the payment of specified sum on the stipulated date of maturity, if such person is alive on such date notwithstanding that the policy of insurance provides only for the return of premiums paid (with or without any interest thereon) in the event of such person dying before the said stipulated date;

(b) a policy of insurance effected by an individual or a member of a Hindu undivided family for the benefit of a minor with the object of enabling the minor, after he has attained majority to secure insurance on his own life by adopting the policy and on his being alive on a date (after such adoption) specified in the policy in this behalf;

(iii) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956;

(iv) "public company" shall have the same meaning as in section 3 of the Companies Act, 1956;

(v) "security" means a Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944;

18 of 1944.

(vi) "transfer" shall be deemed to include also the transactions referred to in clause (f) of section 269UA.

Rebate  
in res-  
pect of  
invest-  
ment in  
certain  
new  
shares  
or units.

88A. (1) Where an assessee being—

(a) an individual; or

(b) a Hindu undivided family; or

(c) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu,

has acquired, in the previous year, out of his income chargeable to tax,—

(i) equity shares forming part of any eligible issue of capital; or

(ii) units issued under any scheme of any Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India, established under section 3 of the Unit Trust of India Act, 1963, if the amount of subscription to such units is subscribed, within a period of six months from the close of subscription under such scheme, only to eligible issue of capital,

52 of 1963.

he shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to twenty per cent. of the cost of such shares or units to such assessee:

Provided that the amount of subscription to such units may be subscribed, for a period not exceeding six months from the close of subscription under any scheme referred to in clause (ii) in such securities of the Central Government, as may be approved by the Board in this behalf:

Provided further that no deduction shall be allowed in respect of units issued under any scheme referred to in clause (ii) where the subscription under such scheme closes after the 30th day of September, 1990.

*Explanation.*—Where in any previous year, the assessee has acquired any shares or units referred to in this subsection and has, within a period of six months from the end of that previous year paid the whole or a part of the amount if any, remaining unpaid on such shares or units, the amount so paid shall be deemed to have been paid by the assessee towards the cost of such shares or units in the previous year.

(2) Where the aggregate cost to the assessee of the shares or units referred to in sub-section (1) which are acquired by him in the previous year exceeds twenty-five thousand rupees, the deduction under that sub-section shall be allowed only with reference to such of those shares or units (being shares or units the aggregate cost whereof to the assessee does not exceed twenty-five thousand rupees) as are specified by him in this behalf.

(3) For the purposes of this section, "eligible issue of capital" means an issue of equity shares which satisfies the following conditions, namely:—

(a) the issue is made by a public company formed and registered in India and the issue is wholly and exclusively for the purposes of carrying on the business of—

(i) construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule; or

(ii) providing long-term finance for construction or purchase of houses in India for residential purposes;

Provided that in the case of a public company carrying on the business referred to in this sub-clause, such company is approved by the Central Government for the purposes of this section; or

(iii) a hospital; or

(iv) a hotel approved by the prescribed authority; or

(v) operation of ships;

(b) the issue is an issue of capital made by the company for the first time:

Provided that this clause shall not apply in case of an issue of equity shares made by a public company formed and registered in India with the main object of carrying on the business of operation of ships;

(c) the shares forming part of the issue are offered for subscription to the public and such offer for subscription is made by the company before the 1st day of April, 1991;

(d) such other conditions as may be prescribed:

Provided that in the case of a company which had originally been incorporated as a private company but has become a public company under the provisions of the Companies Act, 1956, an issue of equity shares made by it for the first time after it has become a public company shall not be regarded as an eligible issue of capital, if—

(i) such company had declared, distributed or paid any dividend when it was a private company; or

(ii) any of the shares forming part of such issue is offered for subscription at a premium.

*Explanation 1.*—If any question arises as to whether any issue of equity shares would constitute an eligible issue of capital for the purposes of this section, the question shall be referred to the Central Government whose decision thereon shall be final.

*Explanation 2.*—In this sub-section and sub-section (4), “public company” shall have the meaning assigned to it in section 3 of the Companies Act, 1956.

1 of 1956.

(4) The deduction under sub-section (1) shall be allowed unless the assessee has—

(i) subscribed to the shares in pursuance of an offer for subscription to the public made by the public company or in pursuance of a reservation or an option in his favour by reasons of his being a promoter of the company; or

(ii) purchased the shares from a person who is specified as an underwriter in respect of the issue of such shares in pursuance of clause 11 of Part I of Schedule II to the Companies Act, 1956; and who has acquired such shares by virtue of his obligation as such underwriter.

1 of 1956.

(5) If any equity shares or units, with reference to the cost of which a deduction is allowed under sub-section (1), are sold or otherwise transferred by the assessee to any person at any time within a period of three years from the date of their acquisition, the aggregate amount of the deduction of income-tax so allowed in respect of such equity shares or units in the previous year or years preceding the previous year in which such sale or transfer has taken place shall be deemed to be tax payable by the assessee for the assessment year relevant to such previous year and shall be added to the amount of income-tax on the total income of the assessee with which he is chargeable for such assessment year.

*Explanation.*—A person shall be treated as having acquired any shares or units on the date on which his name is entered in relation to those shares or units in the register of members of the company or in the relevant records of any Mutual Fund or Unit Trust of India, referred to in sub-section (1).

(6) Where a deduction is claimed and allowed under sub-section (1) with reference to the cost of any equity shares, the cost of such shares shall not be taken into account for the purposes of section 54E.

#### B.—Relief for income-tax'.

Amend-  
ment of  
section  
115-I.

29. In section 115-I of the Income-tax Act, for the words and figures “to the Assessing Officer his return of income for that assessment year under section 139 together with a declaration in writing to the effect”, the words and figures “his return of income for that assessment year under section 139 declaring therein” shall be substituted.

**30.** In section 115J of the Income-tax Act, in sub-section (1), after the words, figures and letters "on or after the 1st day of April, 1988", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted.

Amend-  
ment of  
section  
115J.

**31.** In section 119 of the Income-tax Act, in sub-section (2), in clause (a),—

Amend-  
ment of  
section  
119.

- (i) before the figures "143", the figures "139", shall be inserted;
- (ii) after the figures "210", the figures and letters "234A 234B" shall be inserted.

**32.** In section 139 of the Income-tax Act,—

Amend-  
ment of  
section  
139.

(a) in sub-section (1), in the *Explanation* in clause (b), in sub-clause (i), after the words "to be so audited", the words, figures and letters "or where the report of an accountant is required to be furnished under section 80HHC or section 80HHD" shall be inserted with effect from the 1st day of April, 1991;

(b) in sub-section (10), in the proviso, for clause (b), the following clause shall be substituted, namely:—

"(b) a return of a firm or a partner of a firm;".

**33.** In section 139A of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

Amend-  
ment of  
section  
139A.

"(2) Notwithstanding anything contained in sub-section (1), every person not falling under that sub-section, but—

(i) carrying on any business whose total sales, turnover or gross receipts are or is likely to exceed fifty thousand rupees in any previous year; or

(ii) who is required to furnish a return of income under sub-section (4A) of section 139,

and who has not been allotted any permanent account number, shall, within such time as may be prescribed apply to the Assessing Officer for the allotment of a permanent account number.".

**34** In section 142 of the Income-tax Act, in sub-section (1), in clause (i), for the words "before the end of the relevant assessment year", the words, brackets and figures "within the time allowed under sub-section (1) of section 139" shall be substituted.

Amend-  
ment of  
section  
142.

**35.** In section 143 of the Income-tax Act, after sub-section (1A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

Amend-  
ment of  
section  
143.

"(1B) Where an assessee furnishes a revised return under sub-section (5) of section 139 after the issue of an intimation, or the grant of refund, if any, under sub-section (1) of this section, the provisions of sub-sections (1) and (1A) of this section shall apply in relation to such revised return and—

(i) the intimation already sent for any income-tax, additional income-tax or interest shall be amended on the basis of the

said revised return and where any amount payable by way of income-tax, additional income-tax or interest specified in the said intimation has already been paid by the assessee then, if any such amendment has the effect of—

(a) enhancing the amount already paid, the intimation amended under this clause shall be sent to the assessee specifying the excess amount payable by him and such intimation shall be deemed to be a notice of demand issued under section 156 and all the provisions of this Act shall apply accordingly;

(b) reducing the amount already paid, the excess amount paid shall be refunded to the assessee;

(ii) the amount of the refund already granted shall be enhanced or reduced on the basis of the said revised return and where the amount of refund already granted is—

(a) enhanced, only the excess amount of refund due to the assessee shall be paid to him;

(b) reduced, the excess amount so refunded shall be deemed to be the tax payable by the assessee and an intimation shall be sent to the assessee specifying the amount so payable, and such intimation shall be deemed to be a notice of demand issued under section 156 and all the provisions of this Act shall apply accordingly:

Provided that an assessee, who has furnished a revised return under sub-section (5) of section 139 after the service upon him of the intimation under sub-section (1) of this section, shall be liable to pay additional income-tax in relation to the adjustments made under the first proviso to clause (a) of sub-section (1) and specified in the said intimation, whether or not he has made the said adjustments in the revised return.”.

Amend-  
ment of  
section  
145.

**36.** In section 145 of the Income-tax Act, in sub-section (1), after the second proviso [as inserted by section 52 of the Direct Tax Laws (Amendment) Act, 1987], the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

4 of 1988.

“Provided also that nothing contained in this sub-section shall preclude an assessee from being charged to income-tax in respect of any interest on securities received by him in a previous year if such interest had not been charged to income-tax or any earlier previous year.”.

Amend-  
ment of  
section  
151.

**37.** In section 151 of the Income-tax Act, in sub-section (1), for the words “except by an Assessing Officer of the rank of Assistant Commissioner or Deputy Commissioner, the words “by an Assessing Officer, who is below the rank of Assistant Commissioner, unless the Deputy Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for the issue of such notice” shall be substituted.

**38.** After section 194E of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1991, namely:—

“194F. The person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.”.

Insertion  
of new  
section  
194F.

**39.** In section 246 of the Income-tax Act,—

(a) in sub-section (1), in clause (i), in sub-clause (ii), the words, figures and letters “section 271C, section 271D, section 271E,” shall be omitted;

(b) in sub-section (2), after clause (e), the following clause shall be inserted namely:—

“(ee) an order made by a Deputy Commissioner imposing a penalty under section 271C, section 271D or section 271E;”.

**40.** In section 268 of the Income-tax Act, after the words “an appeal”, the words “or an application” shall be inserted.

Amend-  
ment of  
section  
268.

**41.** After section 271B of the Income-tax Act, the following section shall be inserted, namely:—

Inset-  
tion of  
new  
section  
271BB.

“271BB. Whoever fails to subscribe any amount of subscription to the units issued under any scheme referred to in sub-section (1) of section 88A to the eligible issue of capital under that sub-section within the period of six months specified therein, may be directed by the Deputy Commissioner to pay, by way of penalty, a sum equal to twenty per cent of such amount.”.

Failure  
to sub-  
scribe to  
the  
eligible  
issue of  
capital.

**42.** Section 271C of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

Amend-  
ment of  
section  
271C.

“(2) Any penalty imposable under sub-section (1) shall be imposed by the Deputy Commissioner.”.

**43.** Section 271D of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

Amend-  
ment of  
section  
271D.

“(2) Any penalty imposable under sub-section (1) shall be imposed by the Deputy Commissioner.”.

Amend-  
ment of  
section  
271E.

**44.** Section 271E of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

“(2) Any penalty imposable under sub-section (1) shall be imposed by the Deputy Commissioner.”.

Amend-  
ment of  
section  
275A.

**45.** In section 275A of the Income-tax Act, after the words “referred to in”, the words, brackets and figures “the second proviso to sub-section (1) or” shall be inserted.

Omission  
of  
Chapter  
XXII-B.

**46.** (1) No tax credit certificate granted under section 280Z or section 280ZC shall be produced before the Assessing Officer after the 31st day of March, 1991 for the purposes of sub-section (6) of section 280Z or, as the case may be, sub-section (4) of section 280ZC.

(2) Save as otherwise provided in sub-section (1), Chapter XXII-B shall be omitted.

Amend-  
ment of  
section  
288.

**47.** In section 288 of the Income-tax Act, in sub-section (4), in clause (b), after the words “on him under”, the words, brackets and figures “clause (ii) of sub-section (1) of” shall be inserted.

Conse-  
quential  
amend-  
ments.

**48.** The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, namely:—

(i) section 80C shall be omitted with effect from the 1st day of April, 1991;

(ii) in section 246, in sub-section (2), in clause (e), after the word figures and letter “section 271B”, the words, figures and letters “or section 271BB” shall be inserted;”;

(iii) in section 273B, after the words, figures and letter “section 271B,” the word, figures and letters “section 271BB,” shall be inserted;

(iv) in the Eleventh Schedule, for the words, figures, letter and brackets “and section 80J(4)”, the words, figures, letters and brackets “, section 80J(4) and section 88A(3) (a) (i)” shall be substituted.

#### Wealth-tax

Amend-  
ment of  
section 2.

**49.** In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in clause (ob), for the word and figure “section 16”, the words, brackets and figures “sub-section (3) or sub-section (5) of section 16” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989.

27 of 1957.

Amend-  
ment of  
section 5.

**50.** In section 5 of the Wealth-tax Act, in sub-section (1), in clause (xxviii), with effect from the 1st day of April, 1991,—

(i) after the words “State Government”, the words “or a public sector company” shall be inserted;

(ii) the following Explanation shall be inserted at the end, namely:—

Explanation.—For the purposes of this clause, “public sector company” means any corporation established by or under any

1 of 1956.

Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956.'.

**51. In section 10 of the Wealth-tax Act, in sub-section (2), in clause (a), for the figures "16, 17", the figures and letter "14, 15, 16, 17, 17B," shall be substituted.**

Amend-  
ment of  
section  
10.

**52. In section 16 of the Wealth-tax Act,—**

(a) after sub-section (1A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1939, namely:—

Amend-  
ment of  
section  
16.

"(1B) Where an assessee furnishes a revised return under section 15 after the issue of an intimation, or the grant of refund, if any, under sub-section (1) of this section, the provisions of sub-sections (1) and (1A) of this section shall apply in relation to such revised return and—

(i) the intimation already sent for any wealth-tax, additional wealth-tax or interest shall be amended on the basis of the said revised return and where any amount payable by way of wealth-tax, additional wealth-tax or interest specified in the said intimation has already been paid by the assessee then, if any such amendment has the effect of—

(a) enhancing the amount already paid, the intimation amended under this clause shall be sent to the assessee specifying the excess amount payable by him and such intimation shall be deemed to be a notice of demand issued under section 30 and all the provisions of this Act shall apply accordingly;

(b) reducing the amount already paid, the excess amount paid shall be refunded to the assessee;

(ii) the amount of the refund already granted shall be enhanced or reduced on the basis of the said revised return and where the amount of refund already granted is—

(a) enhanced, only the excess amount of refund due to the assessee shall be paid to him;

(b) reduced, the excess amount so refunded shall be deemed to be the tax payable by the assessee and an intimation shall be sent to the assessee specifying the amount so payable, and such intimation shall be deemed to be a notice of demand issued under section 30 and all the provisions of this Act shall apply accordingly:

Provided that an assessee, who has furnished a revised return under section 15 after the service upon him of the intimation under sub-section (1) of this section, shall be liable to pay additional wealth-tax in relation to the adjustments made under the first proviso to clause (a) of sub-section (1) and specified in the said intimation, whether or not he has made the said adjustments in the revised return.";

(b) in sub-section (4), in clause (i), for the words "before the end of the relevant assessment year", the words, brackets and figures "within the time allowed under sub-section (1) of section 14" shall be substituted.

Amend-  
ment of  
section  
17.

**53.** In section 17 of the Wealth-tax Act, in sub-section (1B), in clause (a), for the words "except by an Assessing Officer of the rank of Assistant Commissioner or Deputy Commissioner", the words "by an Assessing Officer, who is below the rank of Assistant Commissioner, unless the Deputy Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for the issue of such notice" shall be substituted.

Insert-  
tion of  
new  
section  
35EEE.

**54.** After section 35EE of the Wealth-tax Act, the following section shall be inserted, namely:—

Contra-  
vention  
of order  
made  
under  
second  
proviso  
to sub-  
section  
(1) or  
sub-sec-  
(3A)  
of sec-  
tion 37A.

"35EEE. If a person contravenes any order referred to in the second proviso to sub-section (1) or sub-section (3A) of section 37A, he shall be punishable with rigorous imprisonment for a term which may extend to two years and with fine.".

Amend-  
ment of  
section  
35K.

**55.** In section 35K of the Wealth-tax Act, in sub-section (1), for the words, figures and letters "the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year", the words "an assessment year" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989.

Amend-  
ment of  
Sche-  
dule III.

**56.** In the Wealth-tax Act, in Schedule III, in Part G,—

(a) for rule 18, the following rule shall be substituted, namely:—

Valua-  
tion of  
jewellery.

"18. (1) The value of the jewellery shall be estimated to be the price which it would fetch if sold in the open market on the valuation date (hereafter in this rule referred to as fair market value).

(2) The return of net wealth furnished by the assessee shall be supported by,—

(i) a statement in the prescribed form, where the value of the jewellery on the valuation date does not exceed rupees five lakhs;

(ii) a report of a registered valuer in the prescribed form, where the value of the jewellery on the valuation date exceeds rupees five lakhs.

(3) Notwithstanding anything mentioned in sub-rule (2), the Assessing Officer may, if he is of opinion, that the value of the jewellery declared in the return,—

(a) is less than its fair market value by such percentage or such amount as is prescribed under sub-clause (i) of clause (b) of sub-section (1) of section 16A;

(b) is less than its fair market value as referred to in clause (a) of sub-section (1) of section 16A.

he may refer the valuation of such jewellery to a Valuation Officer under sub-section (1) of the said section and the value of such jewellery shall be the fair market value as estimated by the Valuation Officer.”;

(b) in rule 19, in the opening portion, for the words, brackets and letter “clause (b) of”, the words, brackets and figure “sub-rule (3) of” shall be substituted.

#### *Gift-tax*

18 of 1958.

**57. In section 9 of the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), in sub-section (2), in clause (a), for the figures “15, 16”, the figures and letter “13, 14, 15, 16, 16B,” shall be substituted.**

Amend-  
ment of  
section  
9.

**58. In section 15 of the Gift-tax Act,—**

(a) after sub-section (1A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

Amend-  
ment  
section  
15.

“(1B) Where an assessee furnishes a revised return under section 14 after the issue of an intimation, or the grant of refund, if any, under sub-section (1) of this section, the provisions of sub-sections (1) and (1A) of this section shall apply in relation to such revised return and —

(i) the intimation already sent for any gift-tax, additional gift-tax or interest shall be amended on the basis of the said revised return and where any amount payable by way of gift-tax, additional gift-tax or interest specified in the said intimation has already been paid by the assessee then, if any such amendment has the effect of—

(a) enhancing the amount already paid, the intimation amended under this clause shall be sent to the assessee specifying the excess amount payable by him and such intimation shall be deemed to be a notice of demand issued under section 31 and all the provisions of this Act shall apply accordingly;

(b) reducing the amount already paid, the excess amount paid shall be refunded to the assessee;

(ii) the amount of the refund already granted shall be enhanced or reduced on the basis of the said revised return and where the amount of refund already granted is—

(a) enhanced, only the excess amount of refund due to the assessee shall be paid to him;

(b) reduced, the excess amount so refunded shall be deemed to be the tax payable by the assessee and an intimation shall be sent to the assessee specifying the amount so payable, and such intimation shall be deemed to be a notice of demand issued under section 31 and all the provisions of this Act shall apply accordingly;

Provided that an assessee, who has furnished a revised return under section 14 after the service upon him of the intimation under sub-section (1) of this section, shall be liable to pay additional gift-tax in relation to the adjustments made under the first proviso to clause (a) of sub-section (1) and specified in the said intimation, whether or not he has made the said adjustments in the revised return.”;

(b) in sub-section (4), in clause (i), for the words “before the end of the relevant assessment year”, the words, brackets and figures “within the time allowed under sub-section (1) of section 13” shall be substituted.

**59.** In section 16 of the Gift-tax Act, in sub-section (1B), in clause (a), for the words “except by an Assessing Officer of the rank of Assistant Commissioner or Deputy Commissioner”, the words “by an Assessing Officer, who is below the rank of Assistant Commissioner, unless the Deputy Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for the issue of such notice” shall be substituted.

#### CHAPTER IV

##### INDIRECT TAXES

###### *Customs*

Amend-  
ment of  
Act 52 of  
1962.

**60.** In the Customs Act, 1962 (hereinafter referred to as the Customs Act),—

(a) in section 129C, for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) If the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, they shall state the point or points on which they differ and make a reference to the President who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other members of the Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of these members of the Appellate Tribunal who have heard the case including those who first heard it.”.

(b) after section 154, the following section shall be inserted, namely:—

**"154A.** The amount of duty, interest, penalty, fine or any other sum payable, and the amount of refund, drawback or any other sum due, under the provisions of this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of *paise* then, if such part is fifty *paise* or more, it shall be increased to one rupee and if such part is less than fifty *paise* it shall be ignored.”.

Rounding  
off of  
duty, etc.

**61.** The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule.

Amend-  
ment of  
Act 51 of  
1975.

**62. (1)** In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to fifty per cent, of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act.

Auxiliary  
duties of  
customs.

10 of 1897. (2) Sub-section (1) shall cease to have effect after the 31st day of March, 1991, and upon such cesser section 6 of the General Clauses Act, 1897, shall apply as if the said sub-section had been repealed by a Central Act.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including these, relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

#### Excise

**63.** In the Central Excise and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), after section 37C, the following section shall be inserted, namely:—

Amend-  
ment of  
Act 1 of  
1944.

**"37D.** The amount of duty, interest, penalty, fine or any other sum payable, and the amount of refund or any other sum due, under the provisions of this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of *paise* then, if such part is fifty *paise* or more, it shall be increased to one rupee and if such part is less than fifty *paise* it shall be ignored.”.

Rounding  
off of  
duty, etc.

**64.** The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Third Schedule.

Amend-  
ment of  
Act 5 of  
1986.

Special  
duties of  
excise.

**65.** (1) In the case of goods chargeable with a duty of excise under the Central Excise Act, as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to ten per cent. of the amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1991, and upon such cessation section 6 of the General Clauses Act, 1897, shall apply as if the said sub-section had been repealed by a Central Act.

10 of 1897.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules, made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

Amend-  
ment of  
Act 58 of  
1957.

**66.** The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fourth Schedule.

Amend-  
ment of  
Act 40 of  
1978.

**67.** In section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978, in sub-section (1), for the words "fifteen per cent.", the words "twenty per cent." shall be substituted.

Repeal of  
Act 12 of  
1953.

**68.** The Khadi and other Handloom industries Development (Additional Excise Duty on Cloth) Act, 1953, is hereby repealed.

## CHAPTER V

### INLAND AIR TRAVEL TAX

Amend-  
ment of  
Act 13  
of 1989.

**69.** In the Finance Act, 1989, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(a) in section 41, for clause (d), the following clause shall be substituted, namely:—

'(d) "fare" means the total amount of all charges of whatever nature (including charges, if any, for provision of food or accommodation) payable to the carrier by or on behalf of a passenger in respect of his inland journey;'

(b) in section 42, in sub-section (1), the words ", where the fare for such journey is paid in Indian currency", shall be omitted.

## CHAPTER VI

## MISCELLANEOUS

70. In the Indian Post Office Act, 1898, for the First Schedule, the following Schedule shall be substituted, namely:—

Amend-  
ment of  
Act 6  
of 1898.

## “THE FIRST SCHEDULE

(See section 7)

## INLAND POSTAGE RATES

*Letters*

For a weight not exceeding twenty grams	Re. 1.00
For every twenty grams, or fraction thereof, exceeding twenty grams	Re. 1.00

*Letter-Cards*

For a letter -card	75 Paise
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*Post cards (not being post cards containing printed communications)*

Single	15 paise
Reply	30 paise

*Post cards containing printed communication*

For a post card	60 paise.
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*Explanation.*—A post card shall be deemed to contain a printed communication, if any matter (except the name and address of, and other particulars relating to, the sender and the place and date of despatch) is recorded by printing or by cyclostyling or by any other mechanical process, not being typewriting, on any part of the post card except the righthand half of the address-side thereof.

*Book, pattern and sample packets*

For the first fifty grams or fraction thereof	Re. 1·00
For every additional one hundred grams, or fraction thereof, in excess of fifty grams	Re. 1.00

*Registered newspapers*

For a weight not exceeding fifty grams	15 paise
For weight exceeding fifty grams but not exceeding one hundred grams	25 paise
For every additional one hundred grams or fraction thereof, exceeding one hundred grams	10 paise

In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—

For a weight not exceeding one hundred grams	25 paise
--	----------

For every additional one hundred grams, or fraction thereof,  
exceeding one hundred grams 10 paise :

Provided that such packet shall not be delivered at any addressee's residence  
but shall be given to a recognised agent at the Post Office.

*Parcels*

For a weight not exceeding five hundred grams Rs. 6·00

For every five hundred grams, or fraction thereof, exceeding  
five hundred grams Rs. 6·00."

*Declaration under the Provisional Collection of Taxes Act, 1931*

It is hereby declared that it is expedient in the public interest that  
the provisions of clauses 61, 62, 64, 65, 66 and 67 of this Bill shall have im-  
mediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

## THE FIRST SCHEDULE

(See section 2)

### PART I

#### INCOME-TAX

##### *Paragraph A*

###### *Sub-Paragraph I*

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

###### *Rates of income-tax*

- (1) where the total income does not *Nil*; exceed Rs. 18,000
- (2) where the total income exceeds 20 per cent of the amount by which Rs. 18,000 but does not exceed the total income exceeds Rs. 18,000; exceed Rs. 25,000
- (3) where the total income exceeds Rs. 1,400 *plus* 30 per cent of the Rs. 25,000 but does not exceed amount by which the total income exceeds Rs. 25,000;
- (4) where the total income exceeds Rs. 8,900 *plus* 40 per cent of the Rs. 50,000 but does not exceed amount by which the total income exceeds Rs. 50,000;
- (5) where the total income exceeds Rs. 28,900 *plus* 50 per cent of the Rs. 1,00,000 amount by which the total income exceeds Rs. 1,00,000.

###### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

###### *Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the pre-

vious year relevant to the assessment year commencing on the 1st day of April, 1990 exceeds Rs. 18,000,—

#### *Rates of income-tax*

(1) where the total income does not exceed Rs. 12,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 plus 30 per cent of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 plus 40 per cent of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 plus 50 per cent of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 plus 55 per cent of the amount by which the total income exceeds Rs. 1,00,000.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

#### *Paragraph B*

In the case of every co-operative society,—

#### *Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	15 per cent of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 25 per cent of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 plus 40 per cent of the amount by which the total income exceeds Rs. 20,000.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income tax.

**Paragraph C**

**Sub-Paragraph I**

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

**Rates of income-tax**

- (1) where the total income does not *Nil*; exceed Rs. 10,000
- (2) where the total income exceeds 5 per cent of the amount by which Rs. 10,000 but does not exceed the total income exceeds Rs. 10,000; Rs. 25,000
- (3) where the total income exceeds Rs. 25,000 plus 7 per cent of the amount by which the total income exceeds Rs. 25,000; but does not exceed Rs. 50,000
- (4) where the total income exceeds Rs. 50,000 plus 15 per cent of the amount by which the total income exceeds Rs. 50,000; but does not exceed Rs. 1,00,000
- (5) where the total income exceeds Rs. 1,00,000 plus 24 per cent of the amount by which the total income exceeds Rs. 1,00,000.

**Surcharge on income-tax**

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent of such income-tax.

**Sub-Paragraph II**

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent of such total income,—

**Rates of income-tax**

- (1) where the total income does not *Nil*; exceed Rs. 10,000
- (2) where the total income exceeds 4 per cent of the amount by which Rs. 10,000 but does not exceed the total income exceeds Rs. 10,000; Rs. 25,000
- (3) where the total income exceeds Rs. 25,000 plus 7 per cent of the amount by which the total income exceeds Rs. 25,000; but does not exceed Rs. 50,000
- (4) where the total income exceeds Rs. 50,000 plus 13 per cent of the amount by which the total income exceeds Rs. 50,000; but does not exceed Rs. 1,00,000
- (5) where the total income exceeds Rs. 1,00,000 plus 22 per cent of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent of such income-tax.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income	50 per cent
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*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

- (1) where the company is a company in which the public are substantially interested 50 per cent. of the total income;
- (2) where the company is not a company in which the public are substantially interested—
  - (i) in the case of a trading company or an investment company 60 per cent of the total income;
  - (ii) in any other case 55 per cent of the total income.

II. In the case of a company other than a domestic company.—

- (i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976 or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;  
 (ii) on the balance, if any, of the total income 65 per cent.

#### Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of item 1 of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge calculated at the rate of eight per cent. of such income-tax.

### PART II

#### RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than "interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of insurance commission	10 per cent.;
(v) on income by way of interest payable on—	10 per cent.;
(A) Any security, other than a tax-free security, of the Central or a State Government;	
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by Central, State or Provincial Act;	
(C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;	
(vi) on any other income (excluding interest payable on a tax-free security)	20 per cent.;
(b) where the person is not resident in India—	
(i) in the case of a non-resident Indian—	
(A) on investment income and long-term capital gains	20 per cent.;

(B) on income by way of interest payable on a tax-free security	15 per cent.;
(C) on income by way of winning from lotteries and crossword puzzles	40 per cent.;
(D) on income by way of winnings from horse races	40 per cent.;
(E) on the whole of other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Para- graph I of Paragraph A of Part III of the Schedule if such income had been the total income, whichever is higher;
 (ii) in the case of any other person—	
(A) on income by way of interest pay- able on a tax-free security	15 per cent.;
(B) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(C) on income by way of winnings from horse races	40 per cent.;
(D) on the whole of the other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-para- graph I of Paragraph A of Part III of this Schedule if such income had been the total income, whichever is higher.

## 2. In the case of a company—

(a) where the company is a domestic company—	
(i) on income by way of interest other than “Interest on securities”	20 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on any other income (excluding interest payable on tax-free security)	21.5 per cent.;
(b) where the company is not a domestic company—	
(i) on income by way of dividends payable by any domestic company	25 per cent.;

(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.;
(v) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern.	30 per cent.;
(vi) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976.	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,—	
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(viii) on income by way of interest payable on a tax-free security	44 per cent.;
(ix) on any other income	65 per cent.;

**Explanation.**—For the purposes of this Part, “investment income”, “long-term capital gains” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

#### Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

- (a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for purposes of the Union, and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge,

calculated at the rate of eight per cent of such income-tax.

### PART III

#### RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B], shall be calculated, charged, deducted or computed at the following rate or rates:—

##### *Paragraph A*

###### *Sub-Paragraph I*

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

##### *Rates of income-tax*

(1) where the total income does not exceed Rs. 22,000	Nil;
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 plus 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 plus 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 plus 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced.

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1991 exceeds Rs. 22,000,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 12,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 plus 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

**Paragraph B**

**In the case of every co-operative society,—**

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 10,000— 15 per cent. of the total income;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000— Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 20,000— Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

**Paragraph C**

*Sub-Paragraph I*

**In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—**

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 15,000— Nil;
- (2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000— 6 per cent. of the amount by which the total income exceeds Rs. 15,000;
- (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000— Rs. 2,100 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (4) where the total income exceeds Rs. 1,00,000— Rs. 8,100 plus 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Sub-Paragraph II*

**In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—**

*Rates of income-tax*

- (1) where the total income does not exceed Rs. 15,000— Nil;

(2) where the total income exceeds 5 per cent. of the amount by which the total income exceeds Rs. 15,000 but does not exceed Rs. 30,000;

(3) where the total income exceeds Rs. 1,750 plus 10 per cent. of the amount by which the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000;

(4) where the total income exceeds Rs. 1,750 plus 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

**Explanation.**—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

*In the case of every local authority,—*

*Rate of income-tax*

On the whole of the total income	50 per cent
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*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

*Paragraph E*

*In the case of a company,—*

*Rates of income-tax*

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested 40 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested—

- (i) in the case of a trading company or an investment company 50 per cent. of the total income;
- (ii) in any other case 45 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

- (a) royalties received from Government or an Indian concern in pursuance of an agreement made by

it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.

(ii) on the balance, if any, of the total income 65 per cent.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of eight per cent., of such income-tax.

### PART IV

[See section 2(9)(e)]

#### RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

**Rule 1.**—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

**Rule 2.**—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

**Rule 3.**—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

**Rule 4.**—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

**Rule 5.**—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 6.**—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 7.**—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

**Rule 8.**—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

**Rule 9.**—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1990, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the first day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April,

1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989.

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989.

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1990.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1991 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, is a loss, then, for the purposes of sub-section (8) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990.

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1991.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1982 or of the First Schedule to the Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of the First Schedule to the Finance Act, 1985, or of the First Schedule to the Finance Act, 1986, or of the First Schedule to the Finance Act, 1987 or of the First Schedule to the Finance Act, 1988, or of the First Schedule to the Finance Act, 1989, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

**Rule 10.**—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

**Rule 11.**—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

**Rule 12.**—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

14 of 1982.
11 of 1983.
21 of 1984.
32 of 1985.
23 of 1986.
11 of 1987.
26 of 1988.
13 of 1989.

## THE SECOND SCHEDULE

(See section 61)

In the First Schedule to the Customs Tariff Act,—

- (1) in Chapter 26, in sub-heading No. 2620.30, for the entry in column (4), the entry “150%” shall be substituted;
- (2) in Chapter 29, in sub-heading No. 2925.11, for the entry in column (4), the entry “100% plus Rs. 25 per Kg.” shall be substituted;
- (3) in Chapter 85, in sub-heading No. 8511.10, for the entry in column (4), the entry “100% plus Rs. 10 per piece” shall be substituted;
- (4) in Chapter 96, in sub-heading Nos. 9607.11 and 9607.19, for the entry in column (4), the entry “150% plus Rs. 5 per metre” shall be substituted.

### THE THIRD SCHEDULE

(See section 64)

#### PART I

**In the Schedule to the Central Excise Tariff Act,—**

- (1) in Chapter 4, in sub-heading No. 0401.13, for the entry in column (3), the entry “—Milk powder, other than powder specially prepared for feeding infants, put up in unit containers and ordinarily intended for sale” shall be substituted;
- (2) in Chapter 9, in sub-heading Nos. 0901.20 and 0901.90, for the entry in column (4), the entry “15%” shall be substituted;
- (3) in Chapter 11, in sub-heading Nos. 1102.00 and 1104.00, for the entry in column (4), the entry “15%” shall be substituted;
- (4) in Chapter 13, in sub-heading No. 1301.90, for the entry in column (4), the entry “15%” shall be substituted;
- (5) in Chapter 14, in sub-heading No. 1401.00, for the entry in column (4), the entry “15%” shall be substituted;
- (6) in Chapter 15, in sub-heading Nos. 1501.00, 1505.00 and 1507.00, for the entry in column (4), the entry “15%” shall be substituted;
- (7) in Chapter 17, in sub-heading Nos. 1701.90, 1702.29, 1702.30 and 1704.90, for the entry in column (4), the entry “10%” shall be substituted;
- (8) in Chapter 18, in sub-heading Nos. 1801.00, 1802.00, 1803.00 and 1804.00, for the entry in column (4), the entry “15%” shall be substituted;
- (9) in Chapter 21,—
  - (a) in sub-heading Nos. 2101.30, 2102.10 and 2102.90, for the entry in column (4), the entry “15%” shall be substituted;
  - (b) in sub-heading No. 2105.00, for the entry in column (4), the entry “15% plus Rs. 2 per litre” shall be substituted;
  - (c) in heading No. 21.06, in column (3), for the entry “-Containing lime or katha (*catechu*) or both, whether or not containing tobacco”, the entry “-Containing lime, katha (*catechu*) or tobacco or any one or more of these ingredients:” shall be substituted;
  - (d) in sub-heading Nos. 2106.11 and 2106.90, for the entry in column (4), the entry “40% plus Rs. 50 per kilogram” shall be substituted;

(10) in Chapter 22, in sub-heading No. 2203.00, for the entry in column (4), the entry "15%" shall be substituted;

(11) in Chapter 23, in sub-heading No. 2301.00, for the entry in column (4), the entry "Nil" shall be substituted;

(12) in Chapter 24,—

(a) in sub-heading Nos. 2403.11, 2403.12, 2403.21 and 2403.22, for the entry in column (4), the entry "Rs. 500 per thousand or 300% plus Rs. 20 per thousand, whichever is higher" shall be substituted;

(b) in sub-heading Nos. 2404.60 and 2404.90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 25,—

(a) for NOTE 2, the following NOTE shall be substituted, namely:—

"2. Except where their context otherwise requires, heading Nos. 25.01, 25.03 and 25.05 cover only products which have been washed (even with chemical substances, eliminating the impurities without changing the structure of the product), crushed, ground, powdered, levigated, sifted, screened, or concentrated by flotation, magnetic separation or other mechanical or physical processes (except crystallisation), but not products that have been roasted, calcined, obtained by mixing or subjected to processing beyond that mentioned in each heading or sub-heading".

(b) in sub-heading Nos. 2502.10, 2502.30 and 2504.90, for the entry in column (4), the entry "10%" shall be substituted;

(14) in Chapter 26, in sub-heading Nos. 2601.00, 2602.00, 2603.00, 2604.00, 2605.00, 2606.00, 2607.00, 2608.00, 2609.00, 2610.00, 2611.00, 2612.00, 2613.00, 2614.00, 2615.00, 2616.00, 2617.00, 2618.00, 2619.00, 2620.00 and 2621.00, for the entry in column (4), the entry "10%" shall be substituted;

(15) in Chapter 28,—

(a) in sub-heading No. 2815.00, for the entry in column (4), the entry "15% plus Rs. 1,000 per tonne" shall be substituted;

(b) in sub-heading No. 2818.10, for the entry in column (4), the entry "10%" shall be substituted;

(16) in Chapter 29, in sub-heading Nos. 2917.10 and 2917.20, for the entry in column (4), the entry "15% plus Rs. 5 per kilogram" shall be substituted;

(17) in Chapter 30, in sub-heading No. 3001.00, for the entry in column (4), the entry "15%" shall be substituted;

(18) in Chapter 34, in sub-heading No. 3402.90, for the entry in column (4), the entry "25% plus Rs. 2,000 per tonne" shall be substituted;

## (19) in Chapter 40,—

## (a) in NOTE 9,—

(i) after the word and figures "and 40.08," the words "except as otherwise provided," shall be inserted;

(ii) the following paragraph shall be inserted at the end, namely:—

'Sub-heading No. 4008.21 shall also apply to "plates", "sheets" and "strips"; whether or not cut to shape, and surface-worked or further worked so as to render them fit for resoling or repairing or re-treading of rubber tyres.';

(b) in sub-heading No. 4011.20, for the entry in column (4), the entry "Rs. 35 per tyre" shall be substituted;

(c) in sub-heading No. 4011.50, for the entry in column (4), the entry "Rs. 2,600 per tyre" shall be substituted;

(d) in sub-heading No. 4011.91, for the entry in column (4), the entry "60%" shall be substituted;

(e) in sub-heading No. 4011.99, for the entry in column (4), the entry "30%" shall be substituted;

(f) in sub-heading No. 4012.19, for the entry in column (4), the entry "Rs. 23 per flap" shall be substituted;

(20) in Chapter 41, in sub-heading No. 4101.00, for the entry in column (4), the entry "10%" shall be substituted;

(21) in Chapter 42, in sub-heading No. 4201.90, for the entry in column (4), the entry "15%" shall be substituted;

(22) in Chapter 43, in sub-heading No. 4301.00, for the entry in column (4), the entry "15%" shall be substituted;

## (23) in Chapter 44,—

(a) NOTES: 5 and 6 shall be renumbered as NOTES 6 and 7 respectively and before Note 6 as so renumbered, the following Note shall be inserted, namely:—

'5. For the purposes of heading No. 44.08, the expression "similar laminated wood" includes blockboard, laminboard and battenboard, in which the core is thick and composed of blocks, laths or battens of wood glued together and surfaced with the outer plies and also panels in which the wooden core is replaced by other materials such as a layer or layers of particle board, fibre board, wood waste glued together, asbestos or cork.';

(b) in sub-heading Nos. 4401.00 4402.00, 4403.00, 4404.00, 4405.00 and 4410.90, for the entry in column (4), the entry "15%" shall be substituted;

(24) in Chapter 46, in sub-heading No. 4601.00, for the entry in column (4), the entry "10%" shall be substituted;

(25) in Chapter 47, in sub-heading No. 4701.00, for the entry in column (4), the entry "10%" shall be substituted;

(26) in Chapter 48,—

(a) Notes 8, 9 and 10 shall be renumbered as Notes 9, 10 and 11 respectively and before Note 9 as so renumbered, the following NOTE shall be inserted, namely:—

'8. For the purposes of heading No. 48.14, the expression "wallpaper and similar wall coverings" applies only to:

(a) Paper in rolls, of a width of not less than 45 cms. and not more than 160 cms., suitable for wall or ceiling decoration;

(i) Grained, embossed, surface-coloured, design-printed or otherwise surface-decorated (e.g., with textile flock), whether or not coated or covered with transparent protective plastics;

(ii) With an uneven surface resulting from the incorporation of particles of wood, straw, etc.;

(iii) Coated or covered on the face side with plastics, the layer of plastics being grained, embossed, coloured, design-printed or otherwise decorated; or

(iv) Covered on the face side with plaiting material, whether or not bound together in parallel stands or woven;

(b) Borders and frezes, of paper, treated as above, whether or not in rolls, suitable for wall or ceiling decoration;

(c) Wall coverings of paper made up of several panels, in rolls or sheets, printed so as to make up a scene, design or motif when applied to a wall.

Products on a base of paper or paperboard suitable for use both as floor coverings and as wall coverings, are to be classified in heading No. 48.15.;

(b) in sub-heading No. 4815.00, for the entry in column (4), the entry "30%" shall be substituted;

(c) in sub-heading Nos. 4817.00, 4818.00, 4819.90, 4820.00, 4821.00 and 4822.00, for the entry in column (4), the entry "15%" shall be substituted;

(27) in Chapter 49, in sub-heading No. 4901.10, for the entry in column (4), the entry "15%" shall be substituted;

(28) in Chapter 53, in sub-heading Nos. 5302.20 and 5306.29, for the entry in column (4), the entry "Rs. 700 per tonne" shall be substituted;

(29) in Chapter 56, in sub-heading No. 5607.19, for the entry in column (4), the entry "Rs. 700 per tonne" shall be substituted;

(30) in Chapter 57, in sub-heading No. 5702.20, for the entry in column (4), the entry "Rs. 700 per tonne" shall be substituted;

(31) in Chapter 59,—

(a) in Note 2, in clause (c), the words "by dot printing process" shall be omitted;

(b) NOTES 4, 5 and 6 shall be renumbered as NOTES, 5, 6 and 7 respectively and before Note 5 as so renumbered, the following Note shall be inserted, namely:—

'4. For the purposes of heading No. 59.04, the expression "textile wall coverings" applies to products in rolls, of a width of not less than 45 cms., suitable for wall or ceiling decoration, consisting of a textile surface which has been fixed on a backing or has been treated on the back (impregnated or coated to permit pasting).

This heading does not, however, apply to wall coverings consisting of textile flock or dust fixed directly on a backing of paper (heading No. 48.14).';

(c) in sub-heading Nos. 5903.19, 5903.29 and 5903.99, for the entry in column (4), the entry "30% plus Rs. 15 per square metre plus the duty for the time being leviable on basic fabrics, if not already paid" shall be substituted;

(32) in Chapter 64, in sub-heading Nos. 6401.19 and 6401.99, for the entry in column (4), the entry "10%" shall be substituted.

(33) in Chapter 65, in sub-heading Nos. 6501.80 and 6501.90, for the entry in column (4), the entry "10%" shall be substituted.

(34) in Chapter 66, in sub-heading No. 6602.00, for the entry in column (4), the entry "10%" shall be substituted;

(35) in Chapter 67, in sub-heading Nos. 6701.00 and 6702.00, for the entry in column (4), the entry "10%" shall be substituted.

(36) in Chapter 68,—

(a) in sub-heading No. 6801.90, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading No. 6807.00, for the entry in column (4), the entry "30%" shall be substituted;

(37) in Chapter 70, in sub-heading No. 7009.00, for the entry in column (4), the entry "10%" shall be substituted;

(38) in Chapter 71, in sub-heading Nos. 7101.39, 7101.40, 7101.60, 7101.70, 7101.80 and 7101.90, for the entry in column (4), the entry "15%" shall be substituted;

(39) in Chapter 72,—

(a) in sub-heading Nos. 7201.00, 7203.00 and 7204.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(b) in sub-heading No. 7204.20, for the entry in column (4), the entry "Rs. 2,000 per tonne" shall be substituted;

(c) in sub-heading Nos. 7205.10 and 7206.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(40) in Chapter 73,—

(a) in sub-heading Nos. 7303.00 and 7304.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(b) in sub-heading No. 7304.90, for the entry in column (4), the entry "Rs. 3,000 per tonne" shall be substituted;

(c) in sub-heading No. 7305.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(d) in sub-heading No. 7305.90, for the entry in column (4), the entry "Rs. 3,000 per tonne" shall be substituted;

(e) in sub-heading No. 7306.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(f) in sub-heading No. 7306.90, for the entry in column (4), the entry "Rs. 3,000 per tonne" shall be substituted;

(g) in sub-heading Nos. 7321.10 and 7321.20, for the entry in column (4), the entry "25%" shall be substituted;

(h) in sub-heading No. 7325.10, for the entry in column (4), the entry "Rs. 400 per tonne" shall be substituted;

(41) in Chapter 78,—

(a) in sub-heading Nos. 7801.10, 7801.90 and 7802.00, for the entry in column (4), the entry "Rs. 4,000 per tonne" shall be substituted;

(b) in sub-heading No. 7803.10, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(c) in sub-heading No. 7803.21, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 7803.29, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(e) in sub-heading No. 7803.30, for the entry in column (4), the entry "Rs. 4,000 per tonne" shall be substituted;

(f) in sub-heading No. 7804.10, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(g) in sub-heading Nos. 7804.20, 7805.10, 7805.20 and 7806.00, for the entry in column (4), the entry "20%" shall be substituted;

(42) in Chapter 79,—

(a) in sub-heading Nos. 7903.10 and 7903.90, for the entry in column (4), the entry "20%" shall be substituted;

(b) in sub-heading Nos. 7904.21 and 7908.10, for the entry in column (4), the entry "30%" shall be substituted;

(c) in sub-heading Nos. 7906.20, 7907.10 and 7907.90, for the entry in column (4), the entry "20%" shall be substituted;

**(43) in Chapter 85,—**

(a) in sub-heading No. 8521.00, for the entry in column (4), the entry "40%" shall be substituted;

(b) in sub-heading No. 8543.00, for the entry in column (4), the entry "25%" shall be substituted;

**(44) in Chapter 87,—**

(a) in sub-heading No. 8703.00, for the entry in column (4), the entry "40%" shall be substituted;

(b) in sub-heading Nos. 8706.20 and 8706.40, for the entry in column (4), the entry "25% plus Rs. 6,000 per chassis" shall be substituted;

(c) in sub-heading No. 8706.30, for the entry in column (4), the entry "40%" shall be substituted; and

**(45) in Chapter 96, in sub-heading No. 9617.00, for the entry in column (4), the entry "10%" shall be substituted;**

**PART II**

Heading No.	Sub- heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 22, after heading No. 22.03 and the entries relating thereto, the following shall be inserted, namely:—

"22.04 2204.00 ETHYL ALCOHOL OF ANY STRENGTH WHETHER DENATURED OR NOT, BUT NOT INCLUDING ALCOHOLIC LIQUOR FOR HUMAN CONSUMPTION      Rs. 8 per tonne for each percentage point strength of alcohol"

(2) in Chapter 25 for heading No. 25.05 and the entries relating thereto, the following shall be substituted, namely:—

25.05 MINERAL SUBSTANCES NOT ELSEWHERE SPECIFIED (INCLUDING CLAY, EARTH COLOURS, NATURAL ABRA-SIVES, SULPHURS, SLATE AND STONE) LIME; PLASTERS WITH A BASIS OF CALCIUM SULPHATE, WHETHER OR NOT COLOURED, BUT NOT INCLUDING PLASTERS SPECIALLY PRE-PARED FOR USE IN DENTISTRY

(1)	(2)	(3)	(4)
2505.10	-Kaolin and other kaolinic clays, whether or not calcined; other clays, andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths		15%
2505.20	-Natural barium sulphate (barytes); natural barium carbonate (witherite), whether or not calcined, other than barium oxide of heading No. 28.16		15%
2505.30	-Silicious fossil meals and similar silicious earths, whether or not calcined, of an apparent specific gravity of 1 or less		15%
2505.40	-Dolomite, whether or not calcined; natural magnesium carbonate (magnesite); fused magnesia; dead burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure		15%
2505.50	-Gypsum; anhydrite; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders		15%
2505.60	-Quick lime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading No. 28.25		15%
2505.70	-Natural borates and concentrates thereof (whether or not calcined), but not including borates separated from natural brine; natural boric acid containing not more than 85% of $H_3BO_3$ calculated on the dry weight; earth colours, strontianite (whether or not calcined), other than strontium oxide		15%
2505.90	-Other		15%

(3) in Chapter 40, after sub-heading No. 4011.70 and the entries relating thereto, the following shall be inserted, namely:—

“4011.80 Of a kind used on animal drawn vehicles or hand carts, bearing prominent markings of the letters ADV thereon 60%”;

(4) in Chapter 52,—

(a) for heading No. 52.03 and the entries relating thereto, the following shall be substituted, namely:—

“52.03 5203.00 COTTON YARN INCLUDING SEWING THREAD, NOT CONTAINING SYNTHETIC STAPLE FIBRES 20 paise per count per kilogram”;

(b) for heading Nos. 52.06, 52.07, 52.08, 52.9, 52.10 and 52.11 and the entries relating thereto, the following shall be substituted, namely:—

“52.06 5206.00 COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 52.09, 52.10 AND 52.11).— 20%

(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND

(1)	(2)	(3)	(4)
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM	
52.07	5207.00	COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER THE HEADING NOS. 52.09, 52.10 AND 52.11),—	20%
		(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OF ANY TWO OR MORE OF THESE PROCESSES WITHOUT THE AID OF POWER OR STEAM	
52.08	5208.00	COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 52.09, 52.10, 52.11 AND 52.12),—	20%
		(a) WOVEN ON HANDLOOMS AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	
52.09	5209.00	COTTON FABRICS,—	
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE OR POLYESTER FILAMENT YARN OR BOTH (BUT NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE OR FILAMENT YARN OR BOTH IS MORE THAN 40% BY WEIGHT OF THE TOTAL FIBER CONTENT	

(1)	(2)	(3)	(4)
52.10	5210.00	COTTON FABRICS,—	20%
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, (ii) POLYESTER STAPLE FIBRE, AND (iii) RAMIE OR ANY ONE OR MORE ARTIFICIAL STAPLE FIBRES (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS MORE THAN 40% BY WEIGHT OF THE TOTAL FIBRE CONTENT	
52.11	5211.00	COTTON FABRICS,—	20%
		(a) WOVEN	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER PROOFING, SHRINK-PROOFING, ORGANIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE, AND	
		(d) OF VALUE EXCEEDING RUPEES TWENTY-FIVE PER SQUARE METRE	
		(e) In Chapter 54,—	
		(a) for heading Nos. 54.02, 54.03 and 54.04 and the entries relating thereto, the following shall be substituted, namely :—	
	“54.02	5402.00	SYNTHETIC FILAMENT YARN AND Rs. 100 per SEWING THREAD INCLUDING SYNTHETIC MONOFILAMENT OF LESS THAN 60 DENIERS, NOT TEXTURED
	54.03	5403.00	SYNTHETIC FILAMENT YARN, INCLUDING SYNTHETIC MONOFILAMENT OF LESS THAN 60 DENIERS, TEXTURED
	54.04	5404.00	ARTIFICIAL FILAMENT YARN AND Rs. 25 per SEWING THREAD, INCLUDING ARTIFICIAL MONOFILAMENT OF LESS THAN 60 DENIERS, NOT TEXTURED

(1)	(2)	(3)	(4)

(b) for heading Nos. 54.09, 54.10, 54.11 and 54.12 and the entries relating thereto, the following shall be substituted, namely :—

“54.09 5409.00 FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING No. 54.12),—

- (a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM.

54.10 5410.00 FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),—

- (a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITHOUT THE AID OF POWER OR STEAM.

54.11 5411.00 FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),—

- (a) WOVEN ON HANDLOOMS, AND
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES

54.12 5412.00 FABRICS OF POLYESTER FILAMENT YARN,—

- (a) WOVEN,

20%”;

(1)	(2)	(3)	(4)
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE AND YARN IS LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT	
	(6) in Chapter 55.—		
		(a) for heading No. 55.05 and the entries relating thereto, the following shall be substituted, namely,—	
“55.05 5505.00	YARN (INCLUDING SEWING THREAD) OF ARTIFICIAL STAPLE FIBRES, NOT CONTAINING SYNTHETIC STAPLE FIBRES	20 paise per count per kilogram”;	
	(b) for heading Nos. 55.08, 55.09, 55.10, 55.11 and 55.12 and the entries relating thereto, following shall be substituted, namely :—		
“55.08 5508.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12),—	20%	
	(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND		
	(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM		
55.09 5509.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12),—	20%	
	(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND		
	(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF		

(1)	(2)	(3)	(4)
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THESE PROCESSES WITHOUT THE  
AID OF POWER OR STEAM

55.10 5510.00 FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12).—

- (a) WOVEN ON HANDLOOMS, AND
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES.

55.11 5511.00 FABRICS OF POLYESTER STAPLE FIBRE.—

- (a) WOVEN,
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES.
- (c) CONTAINING COTTON (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND
- (d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT

55.12 5512.00 FABRICS OF MAN-MADE STAPLE FIBRES.—

- (a) WOVEN,
- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES.
- (c) CONTAINING (i) POLYESTER STAPLE FIBRE, AND (ii) ANY ONE OR MORE OF THE FOLLOWING FIBRES, NAMELY, COTTON, RAMIE AND ARTIFICIAL STAPLE FIBRES (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND
- (d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS MORE

(1)	(2)	(3)	(4)
THAN 40% BUT LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT			
(7) Chapter 59, for heading No. 59·04 and the entries relating thereto, the following shall be substituted, namely :—			
“59·04	LINOLEUM, WHETHER OR NOT CUT TO SHAPE, FLOOR COVERINGS CONSISTING OF A COATING OR COVERING APPLIED ON A TEXTILE BACKING, WHETHER OR NOT CUT TO SHAPE; TEXTILE WALL COVER- INGS		
5904·10	-Linoleum	30%	
5904·20	-Textile wall coverings	10% <i>plus</i> R.s. 2,850 per tonne	
5904·90	-Other	30%”.	

## THE FOURTH SCHEDULE

(See section 66)

## PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) in sub-heading Nos. 2403.11 and 2403.21, for the entry in column (4), the entry "Rs. 300 per thousand, or 175% plus Rs. 12 per thousand, whichever is higher" shall be substituted;

(2) in heading No. 51.06, in column (3), for the words "WOVEN FABRICS OF WOOL", the words, brackets and figures "WOVEN FABRICS OF WOOL (EXCLUDING HAIR BELTING, BLANKETS AND FABRICS OF WIDTH NOT EXCEEDING 15 CMS.)" shall be substituted;

(3) in heading No. 51.07,—

(a) in column (3), for the words "WOVEN FABRICS OF WOOL", the words, brackets and figures "WOVEN FABRICS OF WOOL (EXCLUDING HAIR BELTING, BLANKETS AND FABRICS OF WIDTH NOT EXCEEDING 15 CMS.)" shall be substituted;

(b) sub-heading No. 5107.10 and the entries relating thereto shall be omitted;

(4) in sub-heading Nos. 5903.19 and 5903.29, for the entry in column (4), the entry "5% plus Rs. 3 per square metre plus the duty for the time being leviable on base fabrics, if not already paid" shall be substituted;

(5) heading No. 59.05 and the entries relating thereto shall be omitted.

## PART II

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

In the First Schedule to the Additional Duties of Excise Act,—

(a) for heading Nos. 52.06, 52.07, 52.08, 52.09, 52.10 and 52.11 and the entries relating thereto, the following shall be substituted, namely :—

"52.06 5206.00 COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 52.09, 52.10 AND 52.11),— 20% plus Rs. 5 per square metre

(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND

(1)	(2)	(3)	(4)
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM	
52.07	\$207.00	COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 52.09, 52.10 AND 52.11),—	20% plus Rs. 5 per square metre
		(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITHOUT THE AID OF POWER OR STEAM	
52.08	\$208.00	COTTON FABRICS (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 52.09, 52.10, 52.11 AND 52.12),—	20% plus Rs. 5 per square metre
		(a) WOVEN ON HANDLOOMS, AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	
52.09	\$209.00	COTTON FABRICS,—	20% plus Rs. 5 per square metre
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE OR POLYESTER FILAMENT YARN, OR BOTH (BUT NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE OR FILAMENT YARN OR BOTH IS MORE	

(1)	(2)	(3)	(4)
THAN 40% BY WEIGHT OF THE TOTAL FIBRE CONTENT			
52.10	5210.00	COTTON FABRICS, —	20% plus Rs. 5 per square metre
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, (ii) POLYESTER STAPLE FIBRE, AND (iii) RAMIE OR ANY ONE OR MORE ARTIFICIAL STAPLE FIBRES (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS MORE THAN 40% BY WEIGHT OF THE TOTAL FIBRE CONTENT	
52.11	5211.00	COTTON FABRICS,—	20% plus Rs. 5 per square metre";
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING ORGAN-DIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE, AND	
		(d) OF VALUE EXCEEDING RUPEES TWENTY-FIVE PER SQUARE METRE	
		(b) for heading No. 54.09 and the entries relating thereto, the following shall be substituted, namely :—	
"54.09	5409.00	FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12), —	20% plus Rs. 5 per square metre";
		(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING,	

(1)	(2)	(3)	(4)
HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM			
		(c) for heading No. 54.12 and the entries relating thereto, the following shall be substituted, namely :—	
"54.12	5412.00	FABRICS OF POLYESTER FILAMENT YARN,—	20% plus Rs. 5 per square metre";
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE AND YARN IS LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT	
		(d) for heading No. 55.08 and the entries relating thereto, the following shall be substituted, namely :—	
"55.08	5508.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12),—	20% plus Rs. 5 per square metre";
		(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, STENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES WITH THE AID OF POWER OR STEAM	
		(e) for heading Nos. 55.11 and 55.12 and the entries relating thereto, the following shall be substituted, namely :—	
"55.11	5511.00	FABRICS OF POLYESTER STAPLE FIBRE, -	20% plus Rs. 5 per square metre
		(a) WOVEN	

(1)	(2)	(3)	(4)
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- (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES.
- (c) CONTAINING COTTON (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND
- (d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT

55.12	5512.00	FABRICS OF MAN-MADE STAPLE FIBRES,—	<i>20% plus Rs. 5 per square metre"</i>
		(a) WOVEN,	
		(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,	
		(c) CONTAINING (i) POLYESTER STAPLE FIBRE, AND (ii) ANY ONE OR MORE OF THE FOLLOWING FIBRES, NAMELY, COTTON, RAMIE AND ARTIFICIAL STAPLE FIBRES (NOT CONTAINING ANY OTHER TEXTILE MATERIAL), AND	
		(d) IN WHICH THE PROPORTION OF POLYESTER STAPLE FIBRE IS MORE THAN 40% BUT LESS THAN 70% BY WEIGHT OF THE TOTAL FIBRE CONTENT	

### STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1990-91. The notes on clauses explain the various provisions contained in the Bill.

MADHU DANDAVATE.

NEW DELHI;

*The 19th March, 1990.*

### PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F.3(1)-B(D)/90, dated the 19th March, 1990 from Prof. Madhu Dandavate, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends under clause (1) of article 117, readwith clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1990, to the Lok Sabha.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 19th March, 1990.

### NOTES ON CLAUSES

*Clause 2*, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1990-91. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1990-91 from income subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1990-91.

*Rates of income-tax for the assessment year 1990-91*

Part I of the First Schedule to the Bill specifies the rates of income-tax on incomes liable to tax for the assessment year 1990-91. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1989, for the purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1989-90.

As provided by the Finance Act, 1989, the amount of income-tax computed in accordance with the provisions of this Part shall in the case of every person having income exceeding fifty thousand rupees be increased,—

- (i) in the case of every person, being a resident, not being an Indian company, by a surcharge for purposes of the Union, and
- (ii) in the case of an Indian company, by a surcharge, calculated at the rate of 8 per cent. of such income-tax.

*Rates for deduction of tax at source during the financial year 1990-91 from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rate at which income-tax is to be deducted at source during the financial year 1990-91 from incomes other than "Salaries". These rates are the same as those specified in Part II of the First Schedule to the Finance Act, 1989, for the purposes of deduction of tax at source during the financial year 1989-90. The amount of tax so deducted at source shall be increased,—

- (i) in the case where the payment is made to a person, other than a company, resident in India, by a surcharge for purposes of the Union,
- (ii) in the case of person being a domestic company, by a surcharge, calculated at the rate of 8 per cent. of such income-tax.

*Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1990-91*

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1990-91.

Sub-Paragraph I of Paragraph A of this Part specifies the rates of income-tax in the case of every individual or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of Paragraph A or any other Paragraph of Part III applies. In such cases, the income-tax exemption limit has been increased to Rs. 22,000 from Rs. 18,000. Further the first slab of income-tax has been extended to Rs. 30,000 from Rs. 25,000.

Sub-Paragraph I of Paragraph C of this Part specifies the rates of income-tax in the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies. In such cases, the income-tax exemption limit has been increased to Rs. 15,000 from Rs. 10,000. The number of tax slabs has also been reduced to three from five. The maximum marginal rate of tax has also been reduced to 18 per cent. from the existing rate of 24 per cent.

Sub-Paragraph II of Paragraph C of this Part specifies the rates of income-tax in the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income. In such cases the income-tax exemption limit has been increased to Rs. 15,000 from Rs. 10,000. The number of tax slabs has also been reduced to three from five. The maximum marginal rate of tax has also been reduced to 15 per cent. from the existing rate of 22 per cent.

Paragraph E of this Part specifies the rates of income-tax in the case of a company. The rate of income-tax in the case of a company in which the public are substantially interested has been reduced to 40 per cent. from the existing rate of 50 per cent. In the case of a trading or investment company in which the public are not substantially interested, the rate of income-tax has been reduced to 50 per cent. from the existing rate of 60 per cent. Further the rate of income-tax in the case of other domestic companies in which the public are not substantially interested has also been reduced to 45 per cent. from the existing rate of 55 per cent.

In the case of every person being an individual, Hindu undivided family, firm, association of persons or body of individuals, being resident in India, co-operative society and local authority, whose total income exceeds seventy-five thousand rupees and where income-tax is to be deducted at source or "advance tax" is payable in accordance with the provisions of this Part, such amount of income-tax shall be increased by a surcharge for purposes of Union calculated at the rate of eight per cent. of such income-tax. In the case of domestic companies having a total income ex-

ceeding seventy-five thousand rupees, the amount of income-tax computed in accordance with the provisions of this Part shall be increased by a surcharge calculated at the rate of eight per cent. of such income-tax. However, in the case of individuals, Hindu undivided families and certain association of persons or bodies of individuals, entitled to tax rebate under Chapter VIII-A, the surcharge will be calculated on the amount of income-tax as reduced by the amount of such rebate.

*Clause 3* seeks to amend section 2 of the Income-tax Act relating to definitions.

The proposal amendments vide sub-clause (i) are consequential in nature to the amendments proposed in section 28 of the Act vide clause 5 whereunder profits on sale of a licence granted under the Imports (Control) Order, 1955, cash assistance (by whatever name called) received or receivable by any person against exports under any scheme of the Government of India and the repayment of any duty of customs or excise as drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971, are being treated as incomes and made chargeable to tax under the head "Profits and gains of business or profession".

These amendments will take effect retrospectively from the same dates as specified in relation to the new clauses being inserted in section 28, vide sub-clauses (a), (b) and (c) of clause 5.

The proposed amendment vide sub-clause (ii) seeks to amend the definition of the expression "regular assessment" given in clause (40) of that section so as to clarify that it would mean an assessment made only under sub-section (3) of section 143 or section 144.

This amendment will take effect retrospectively from 1st April, 1989

*Sub-clause (iii)* seeks to omit clause (42C) of section 2 of the Income-tax Act containing definition of the term "security". The insertion of the definition of the term "security" in section 2 dealing with general definitions had created certain anomalies. The proposed omission of this definition is to overcome such anomalies.

This amendment will take effect from 1st April, 1990 and will accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

*Clause 4* seeks to amend clause (15) of section 10 of the Income-tax Act.

*Sub-clause (i)* seeks to amend item (i) of sub-clause (iv) of clause (15) of section 10 to extend the exemption from income-tax of interest received from Government on deposits made by an employee of the Central Government or a State Government, in accordance with such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, out of the moneys due to him on account of his retirement, whether on superannuation or otherwise, also to the employees of a public sector company.

This amendment will take effect from 1st April, 1991 and will accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

On the directions of the Supreme Court, certain amount of compensation for the victims of the Bhopal gas tragedy was deposited by the Union Carbide Corporation and the Union Carbide India Limited to the credit of the Registrar, Supreme Court, in the Reserve Bank of India. This amount stands deposited in the securities of the Central Government. In order to provide exemption on the interest accruing on such securities, sub-clause (ii) seeks to insert a new sub-clause (v) in clause (15) of section 10.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

Clause 5 seeks to amend section 28 of the Income-tax Act relating to income chargeable to tax under the head 'Profits and gains of business or profession'.

Sub-clause (a) seeks to insert a new clause (iiia) to make profits on sale of a licence granted under the Imports (Control) Order, 1955, chargeable to tax under the said head.

This amendment will take effect retrospectively from 1st April, 1962.

Sub-clause (b) seeks to insert a new clause (iiib) to make any cash assistance (by whatever name called) received or receivable by any person against exports under any scheme of the Government of India, chargeable to tax under the aforesaid head.

This amendment will take effect retrospectively from 1st April, 1967.

Sub-clause (c) seeks to insert a new clause (iiic) to make repayment of any duty of customs or excise as drawback to any person against the exports under the Customs and Central Excise Duties Drawback Rules, 1971, chargeable to tax under the aforesaid head.

This amendment will take effect retrospectively from 1st April, 1972.

Clause 6 seeks to amend section 32A of the Income-tax Act relating to investment allowance.

Sub-clause (i) seeks to provide that the reserve of an amount equal to seventy-five per cent of the investment allowance to be actually allowed is debited to the profit and loss account of any previous year in respect of which the deduction is to be allowed under sub-section (3) of this section or any earlier previous year not being a previous year earlier than the year in which the ship or aircraft was acquired or the machinery or plant was installed or the ship, aircraft, machinery or plant was first put to use.

Sub-clause (ii) seeks to omit sub-section (9) so as to provide that it shall not be incumbent upon an assessee to create a reserve when there are not profits.

These amendments will take effect retrospectively from 1st April, 1976 and will, accordingly, apply in relation to the assessment year 1976-77 and subsequent years.

*Clause 7 seeks to amend sub-section (1) of section 32AB of the Income-tax Act relating to investment deposit account.*

The proposed amendment seeks to provide that no deduction under this section shall be allowed in relation to the assessment year commencing on the 1st day of April, 1991, or any subsequent assessment year.

This amendment will take effect from 1st April, 1990.

*Clause 8 seeks to amend sub-section (1) of section 33A of the Income-tax Act relating to development allowance.*

The proposed amendment seeks to provide that the deduction provided under clause (i) of sub-section (1) shall be allowed only if the planting of tea bushes has been completed before the 1st day of April, 1990.

This amendment will take effect from 1st April, 1990.

*Clause 9 seeks to amend section 34 of the Income-tax Act relating to development rebate.*

*Sub-clause (i) seeks to provide that the reserve of an amount equal to seventy-five per cent. of the development rebate to be actually allowed is debited to the profit and loss account of any previous year in respect of which the deduction is to be allowed under sub-section (2) of section 33 or any earlier previous year not being a previous year earlier than the year in which the ship was acquired or the machinery or plant was installed or the ship, machinery or plant was first put to use.*

*Sub-clause (ii) seeks to omit *Explanation* to clause (a) of sub-section (3) of the section so as to provide that it shall not be incumbent upon an assessee to create a reserve when there are no profits.*

These amendments will take effect retrospectively from 1st April, 1962 and will, accordingly, apply in relation to the assessment year 1962-63 and subsequent years.

*Clause 10 seeks to amend section 35CCB of the Income-tax Act relating to expenditure by way of payment of any sum to associations and institutions for carrying out programmes of conservation of natural resources.*

*Sub-clause (i) seeks to substitute sub-section (1) to provide that where an assessee incurs any expenditure by way of payment of any sum to an association or institution which has as its object the undertaking of any programme, being a programme approved by the prescribed authority, of conservation of natural resources or of afforestation, or to such fund for afforestation as the Central Government may notify in this behalf, he shall be allowed a deduction in respect of such sum from income under the head "Profits and gains of business or profession".*

*Sub-clause (ii) seeks to amend sub-section (2) so as to provide that no deduction in respect of any payment to an association or institution*

which has as its object the undertaking of any programme referred to in clause (a) of sub-section (1) shall be allowed unless such association or institution is for the time being approved by the prescribed authority.

These amendments will take effect from 1st April, 1991, and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 11* seeks to amend section 43B of the Income-tax Act relating to deduction of certain sums only on actual payment.

The proposed amendment seeks to amend clause (d) in the said section of the Act to provide that any sum payable as interest on any loan or borrowing from a State financial corporation or a State industrial investment corporation, in accordance with the terms and conditions of the agreement governing such loan or borrowing shall not be allowed as deduction in the computation of the profits and gains from business or profession if the sum is not actually paid by the assessee before the due date applicable in his case for furnishing the return of income. Further *Explanation IV* is being substituted to include the definitions of "State financial corporation" and "State industrial investment corporation".

These amendments will take effect from 1st April, 1991, and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 12* seeks to insert an *Explanation* in clause (a) of sub-section (1) of section 44 AC of the Income-tax Act relating to special provision for computing profits and gains from the business of trading in certain goods.

The proposed *Explanation* seeks to define "purchase price" as any amount paid or payable by a buyer to obtain alcoholic liquor for human consumption (other than Indian made foreign liquor) "excluding the amount paid or payable towards the bid money in an auction or the highest accepted offer in case of a tender or any other mode.

*Sub-clause (b)* seeks to add a co-operative society to the definition of the term "seller" for the purposes of section 44AC.

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 13* seeks to amend section 45 of the income-tax Act relating to capital gains.

The proposed amendment seeks to insert a new sub-section (6) in section 45 to clarify that the difference between the repurchase price of the units referred to in section 80CCB(2) and the capital value of such units shall be deemed to be the capital gains arising to the assessee in the previous year in which such repurchase takes place or the plan under which such units were purchased is terminated and such difference shall be taxed accordingly. The expression "capital value of such units" has been defined as any amount invested by the assessee in the units referred to in section 80CCB(2).

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 14* seeks to amend section 80CCA of the Income-tax Act relating to deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan.

*Sub-clause (a)* seeks to substitute the proviso to sub-section (1) to provide that the maximum amount of deduction to be allowed under this section shall be forty thousand rupees in relation to the assessment year commencing on the 1st day of April, 1991 and subsequent assessment years.

*Sub-clause (b)* seeks to insert a new sub-section (3) to provide that where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the amount withdrawn from the National Savings Scheme or received from the Life Insurance Corporation will be deemed to be the income in the hands of the recipient and taxed accordingly.

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 15* seeks to insert a new section 80CCB in the Income-tax Act.

The proposed section seeks to provide that where an assessee, being an individual or a Hindu undivided family or an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu, has acquired in the previous year, out of his income chargeable to tax, units of any Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India under any plan formulated in accordance with such scheme as the Government may, by notification in the Official Gazette, specify (hereafter referred to as the Equity Linked Savings Scheme), he shall be allowed a deduction in the computation of his total income of so much of the amount invested as does not exceed ten thousand rupees in the previous year. The amount which is returned to the assessee either on the repurchase of the units or on the termination of the plan by the said Fund or the Trust, in any previous year, shall be deemed to be the income of the assessee of that previous year and shall be chargeable to tax accordingly. It is also being provided that where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved, after a deduction has been allowed under sub-section (1) of the new section, the person who receives the deemed income on the repurchase of the units or on the termination of the plan by the said Fund or the Trust, shall be liable to pay income-tax on such income.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

**Clause 16** seeks to insert a new section 80DD in the Income-tax Act.

Under the new section, an individual or a Hindu undivided family resident in India will be entitled to a deduction of a sum of six thousand rupees in a year in the computation of the total income where expenditure has been incurred by him or it on the medical treatment, training or rehabilitation of a person who suffers from a permanent physical disability (including blindness) or is subject to mental retardation and who is a relative of the individual or is a member of the Hindu undivided family and is dependent on the individual or the Hindu undivided family for his support. The deduction will be admissible only where the total income of the individual or the Hindu undivided family as computed before making any deduction under new section 80DD does not exceed sixty thousand rupees and the amount of deduction will be reduced in either case by the income, if any, of the handicapped dependent.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

**Clause 17** seeks to amend section 80GGA of the Income-tax Act relating to deduction in respect of certain donations for scientific research or rural development.

The proposed amendment seeks to allow a deduction in respect of donations made by any person, other than a person whose gross total income includes income which is chargeable under the head "Profits and gains of business or profession", to an association or institution, which has as its object the undertaking of any programme of afforestation, to be used for carrying out any programme of afforestation approved for this purpose. The new clause (cc) seeks to provide that any sum paid by the assessee in the previous year to the fund for afforestation referred to in that clause shall be deducted in computing the total income of the assessee.

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

**Clause 18** seeks to amend sub-section (2) and (3) of section 80HH of the income-tax Act relating to deduction in respect of profits and gains from newly established industrial undertakings or hotel business in backward areas.

The proposed amendments seek to provide that this section shall apply to an industrial undertaking specified in sub-section (2) thereof and to the business of any hotel specified in sub-section (3) thereof only if the industrial undertaking begins to manufacture or produce articles or, as the case may be, the business of the hotel starts functioning before the 1st day of April, 1990.

This amendment will take effect from 1st April, 1990.

**Clause 19** seeks to amend sub-section (2) of section 80HHA of the Income-tax Act relating to deduction in respect of profits and gains from newly established small-scale industrial undertakings in certain areas.

The proposed amendment seeks to provide that this section shall apply only if a small-scale industrial undertaking referred to in sub-section (2) thereof begins to manufacture or produce articles before the 1st day of April, 1990.

This amendment will take effect from 1st April, 1990.

*Clause 20* seeks to amend section 80HHC of the Income-tax Act relating to deduction in respect of profits retained for export business.

*Sub-clause (a) (i)* and *(a) (iii)* seek to amend sub-section (2) of that section to provide that in order to avail the deduction under the section, the sale proceeds of goods or merchandise exported out of India must be received in, or brought into, India by the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the Chief Commissioner or Commissioner may, for reasons to be recorded in writing, allow.

*Sub-clause (a) (ii)* seeks to provide that in the case of supporting manufacturer who sells goods or merchandise to any Export House or Trading House, the condition of receipt of sale proceeds in convertible foreign exchange, will not apply.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

*Sub-clause (b)* seeks to substitute sub-section (3) by a new sub-section to provide that the profits derived from the export of goods or merchandise as computed under the head "Profits and gains of business or profession" shall be worked out in the same proportion as the sale proceeds received in, or brought into, India in convertible foreign exchange bear to the total sale proceeds of such goods or merchandise.

*Sub-clause (c) (i)* seeks to amend the definition of the expression "export turnover" in the *Explanation* so as to mean the sale proceeds, received in, or brought into, India by the assessee in convertible foreign exchange in accordance with clause (a) of sub-section (2), of any goods or merchandise exported out of India.

*Sub-clause (c) (ii)* seeks to insert a new clause (bb) in the *Explanation* to provide that the expression "total turnover" shall not include any sum receivable by an exporter by way profit on sale of a licence granted under the imports (Control) Order, 1955, cash assistance (by whatever name called) received or receivable by any person against exports under any scheme of the Government of India and the repayment of any duty of customs or excise as drawback to any person against exports under the Customs and Central Excise Duty Drawback Rules, 1971, referred to in clauses (iiia), (iiib) and (iiic) of section 28 respectively.

*Sub-clause (c) (iii)* seeks to amend clause (d) of the *Explanation* so as to extend the benefit of deduction to a person who processes goods or merchandise and sells the same to an Export House or Trading House for the purposes of export.

The proposed amendments, other than in sub-clause (a) (ii), will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 21* seeks to amend section 80HHD of the Income-tax Act relating to deduction in respect of earnings in convertible foreign exchange.

*Sub-clause (a)* seeks to amend sub-section (2) of that section to provide that the deduction under it shall be available only in respect of the receipts which are received in, or brought into, India by the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the Chief Commissioner or Commissioner may, for reasons to be recorded in writing, allow.

*Sub-clause (b)* seeks to amend sub-section (3) to provide that the deduction under the section shall be restricted in the proportion as the receipts in convertible foreign exchange received in, or brought into, India bear to the total receipts of the business carried on by the assessee.

The proposed amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

*Clause 22* seeks to amend section 80-I of the Income-tax Act relating to deduction in respect of profits and gains from industrial undertakings, etc.

*Sub-clause (a)* seeks to insert sub-section (1A). This sub-section provides that in relation to any profits and gains derived by an assessee from—

- (i) an industrial undertaking which begins to manufacture or produce articles or things or to operate its cold storage plant or plants; or
- (ii) a ship which is first brought into, use; or
- (iii) the business of a hotel which starts functioning.

on or after the 1st day of April, 1990, a deduction at the rate of thirty per cent. or twenty-five per cent. from such profits and gains shall be allowed in the case of corporate and non-corporate assessees respectively.

*Sub-clauses (b), (c) and (d)* seeks to provide that the deduction provided in this section shall also be allowable in the case of the industrial undertakings, etc., which are set up on or after the 1st day of April, 1990, but before the 31st day of March, 1995.

*Sub-clause (e)* seeks to provide that that deduction in the case of profits and gains derived by the assessee from industrial undertakings, etc., referred to in sub-section (1A) shall be allowed for ten assessment years. Further, in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking or a ship or a hotel referred to in that sub-section, this deduction is proposed to be provided for twelve assessment years.

These amendments will take effect from 1st April, 1990.

*Clause 23* seeks to insert an *Explanation* at the end of sub-section (1) of section 80L of the Income-tax Act relating deduction in respect of interest on certain securities, dividends, etc.

Under the existing provisions, interest on any security of the Central Government or a State Government is allowed as a deduction within

specified limits. The proposed amendment is to clarify that the securities referred to shall be the securities as defined in clause (2) of section 2 of the Public Debt Act, 1944.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

Clause 24 seeks to substitute a new section for section 80M of the Income-tax Act relating to deduction in respect of certain inter-corporate dividends.

Under the existing provisions of section 80M, in the case of a domestic company, an amount equal to sixty per cent. of the income by way of dividends from another domestic company is allowed as a deduction in the computation of the total income of such domestic company.

Sub-section (1) of the new section seeks to provide that (a) in the case of a domestic company, being a scheduled bank or a public financial institution, an amount equal to sixty per cent of the income by way of dividends from another domestic company shall be allowed as a deduction in the computation of the total income of such domestic company; and (b) in the case of other domestic companies, an amount equal to so much of the amount of income by way of dividends from another domestic company, as does not exceed the amount of dividends distributed by such domestic company on or before the due date for furnishing return of income shall be allowed as a deduction in the computation of the total income of such domestic company.

Sub-section (2) of the new section seeks to provide that where any deduction in respect of the amount of the dividend distributed by the domestic company has been allowed under clause (ii) of new sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

Sub-section (3) of the new section seeks to make a transitory provision so as to disallow any claim for deduction relating to dividend distributed in respect of any period comprised in the previous year ending on the 31st day of March, 1990.

The *Explanation* to the new section seeks to define the expressions "scheduled bank", "public financial institution" and "due date".

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 25 seeks to amend section 80R of the Income-tax Act relating to deduction in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.

Under the existing provisions, an individual who is a citizen of India and renders any service outside India in his capacity as a professor, teacher or research worker in any University or other educational institution or any other association or body established outside India is allowed a deduction equal to 50 per cent. of the remuneration received.

Under sub-clause (a) of the proposed amendment, the deduction allowable to such an individual will be of an amount equal to (i) fifty per cent. of the remuneration; or (ii) seventy-five per cent. of such remuneration as is brought into India by, or on behalf of, the assessee in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 and any rules made thereunder, whichever is higher.

Sub-clause (b) of the proposed amendment seeks to omit the proviso which restricts the deduction allowable under that section to a period not exceeding thirty-six months.

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 26 seeks to amend section 80RR of the Income-tax Act relating to deduction in respect of professional income from foreign sources in certain cases.

Under the existing provisions, an individual resident in India, being an author, playwright, artist, musician, actor or sportsman (including an athlete) whose income includes any income derived by him in the exercise of his profession from the Government of a foreign State or any person not resident in India, is allowed a deduction from such income of an amount equal to twenty-five per cent. of the income so received in, or brought into, India in accordance with the Foreign Exchange Regulation Act, 1947 and any rules made thereunder.

Under the proposed amendment, the deduction allowable to such an individual will be of an amount equal to (i) fifty per cent. of such income; or (ii) seventy-five per cent. of such income as is brought into India by, or on behalf of, the assessee in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 and any rules made thereunder, whichever is higher.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 27 seeks to amend section 80RRA of the income-tax Act relating to deduction in respect of remuneration received for services rendered outside India.

The proposed amendment seeks to omit the proviso to sub-section (1) of section 80RRA which restricts the deduction allowable under that sub-section to a period not exceeding thirty-six months.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 28 seeks to insert new provisions relating to rebate of income-tax in respect of investment in Life Insurance premium, provident fund, etc. and certain equity shares and units.

Presently, the tax concession in respect of investment in Life Insurance premium, provident fund, etc., as contained in section 80C and certain equity shares as contained in section 80CC is allowed by way of a deduction from the gross total income. However, the total deduction is restricted to the amount of gross total income.

The new provisions now seek to provide that in respect of these investments, deduction shall be allowed from the income-tax payable on the total income of any assessment year.

The new provision under section 87 seeks to provide that the total deduction of income-tax allowable to an assessee under sections 88 and 88A in any previous year shall not exceed the total amount of tax (as computed before allowing the deductions under the said sections) payable by him on the total income of such previous year.

The new provision under section 88 seeks to provide that an assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under Chapter VIII-A) payable on the total income of any assessment year, of an amount equal to twenty per cent. of the amount paid or deposited in the various schemes enumerated in sub-section (2).

Sub-section (3) of section 88 provides that the amount of deduction in respect of premium on an insurance policy will be with reference to an amount of premium not exceeding ten per cent. of the actual capital sum assured.

Sub-section (4) of section 88 seeks to specify the persons in whose name the investments can be made.

Sub-section (5) of section 88 seeks to provide that no deduction shall be allowed with reference to so much of the amount as exceeds rupees ten thousand in respect of any sum paid or deposited for the purposes of purchase or construction of a residential house property the construction of which is completed after the 31st March, 1987 as provided in clause (xv) of sub-section (2).

Sub-section (6) of section 88 seeks to provide that the deduction from the amount of income-tax under sub-section (1) shall not exceed fourteen thousand rupees in the case of an author, playwright, artists, musician, actor or sportsman (including an athlete) and ten thousand rupees, in other cases.

Sub-section (7) of section 88 seeks to provide the consequences in the event of failure to continue to participate in certain schemes or transfer the house property referred in clause (xv) of sub-section (2) before the expiry of two years or five years as mentioned in that sub-section.

The new provision under section 88A seeks to substitute the existing provision of section 80CC with certain modifications. Presently, deduction in respect of investment in eligible issue of capital or the units under the Scheme of the Mutual Fund referred to in clause (23D) of section 10 or of the Unit Trust of India is allowed from the gross total income. The new provisions seek to provide that deduction at the rate of twenty

per cent. of the amount of investment in the eligible issue of capital or such units will now be allowed from the amount of income-tax (as computed before allowing the deduction under Chapter VIII-A) payable by the assessee on the total income of any assessment year. The total amount of investment now eligible for deduction has been increased to rupees twenty-five thousand from rupees twenty thousand.

Further, the new section 88A also seeks to provide that the Mutual Funds and the Unit Trust of India shall invest the funds mobilised by them in the eligible issue of capital within a period of six months from the close of subscription to their schemes. Pending investment in the eligible issue of capital, they may invest their funds in such securities of the Central Government as may be approved by the Board in this behalf.

The aforesaid provision also seeks to provide that the tax concession will not be available in respect of investment in the units of any scheme of Mutual Fund or the Unit Trust of India, the subscription to which closes after 30th September, 1990.

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to assessment year 1991-92 and subsequent years.

**Clause 29** seeks to amend section 115-I of the Income-tax Act relating to non-application of Chapter XII-A at the option of the assessee.

The proposed amendment seeks to do away with the requirement of filing a separate declaration in writing by a non-resident Indian along with his return of income to opt that the Chapter shall not apply to him in an assessment year. After the amendment, such option can be exercised by him by filling in the appropriate column in the return of income.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

**Clause 30** seeks to amend sub-section (1) of section 115J of the Income-tax Act containing special provisions relating to certain companies.

The proposed amendment seeks to provide that the provisions of this section shall not apply to an assessment year which commences on or after the 1st day of April, 1991.

This amendment will take effect from 1st April, 1990.

**Clause 31** seeks to amend section 119 of the Income-tax Act.

Under the existing provisions of clause (a) of sub-section (2) of the section the Board is empowered to relay the provisions of certain sections of the Act, mentioned in the said clause, relating to assessment and collection of revenue in respect of any class of incomes or class of cases.

The proposed amendment seeks to incorporate references of section 139, 234A and 234B also in the said clause (a).

This amendment will take effect from 1st April, 1990.

**Clause 32** seeks to amend section 139 of the Income-tax Act relating to the return of income.

Sub-clause (a) seeks to provide that the due date for furnishing the return of income in a case where the assessee, other than a company, is required to furnish a report of an accountant under section 80HHC or section 80HHD, shall be the 31st day of October of the assessment year.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Sub-clause (b) seeks to substitute a new clause for clause (b) of the proviso to sub-section (10) of that section so that a firm as well as a partner of a firm can file the return of income even if the income is below the taxable limit.

This amendment will take effect from 1st April, 1990.

**Clause 33** seeks to amend section 139A of the Income-tax Act relating to allotment of permanent account number.

The proposed amendment seeks to make it obligatory for all categories of persons who are required to furnish their returns of income under the provisions of sub-section (4A) of section 139, to apply for the allotment of permanent account number.

This amendment will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

**Clause 34** seeks to amend section 142 of the Income-tax Act.

The proposed amendment seeks to amend clause (i) of sub-section (1) of that section so that a notice calling for a return of income can be issued under sub-section (1) of that section even within the relevant assessment year after the time allowed under sub-section (1) of section 139 for filing the return has expired.

This amendment will take effect from 1st April, 1990.

**Clause 35** seeks to amend section 143 of the Income-tax Act relating to assessment.

The proposed amendment seeks to insert a new sub-section (1B) in that section to cover cases where a revised return is furnished by an assessee under sub-section (5) of section 139. The provisions of sub-sections (1) and (1A) of this section shall apply in relation to such revised returns. In view of the proposed amendments, the intimation already sent for any income-tax, additional income-tax or interest can be amended on the basis of the said revised return and the amount of income-tax, additional income-tax or interest can be enhanced or reduced as a result of such amendments. Similarly, the amount of refund already granted can be enhanced or reduced on the basis of the said revised return. It is, however, being provided that an assessee, who has furnished a revised return after the service upon him of the intimation under sub-section (1) of section 143, shall be liable to pay additional income-tax in relation to the

adjustments made under the first proviso to clause (a) of sub-section (1) and specified in the said intimation, whether or not, the assessee has made the said adjustments in the revised return.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

**Clause 36** seeks to amend section 145 of the Income-tax Act relating to the method of accounting.

The proposed amendment seeks to insert a new proviso to provide that no assessee shall be precluded from being charged to income-tax in respect of any interest on securities received by him in a previous year, if such interest had not been charged to income-tax for any earlier previous years.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

**Clause 37** seeks to amend section 151 of the Income-tax Act.

The proposed amendment seeks to amend sub-section (1) of that section to provide that where an assessment has been completed under section 143(3) or section 147, an Assessing Officer below the rank of Assistant Commissioner can repon the assessment with the approval of the Deputy Commissioner if he finds that any income has escaped assessment.

This amendment will take effect from 1st April, 1990.

**Clause 38** seeks to insert a new section 194F in the Income-tax Act relating to deduction of tax at source. Under the proposed section, the person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall deduct income-tax thereon at the rate of twenty per cent.

This amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

**Clause 39** seeks to amend section 246 of the Income-tax Act.

Under the proposed amendments, appeals against orders imposing penalties under sections 271C, 271D and 271E are now to be filed before the Commissioner (Appeals) instead of before the Deputy Commissioner (Appeals). These amendments are consequential to the amendments made in sections 271C, 271D and 271E of the Act.

These amendments will take effect from 1st April, 1990.

**Clause 40** seeks to amend section 268 of the Income-tax Act.

Under the existing provisions of the section, if the assessee was not furnished with a copy of the order when the notice of the order was served upon him, then, in computing the period of limitation prescribed

for an appeal, the time required for obtaining a copy of such order shall be excluded.

The proposed amendment seeks to apply the said provisions to applications made under section 256.

This amendment will take effect from 1st April, 1990.

*Clause 4F* seeks to insert a new section 271BB in the Income-tax Act relating to penalty for failure to subscribe to the eligible issue of capital.

The new provision seeks to provide that whoever fails to subscribe any amount of subscription to the units issued under any scheme referred to in sub-section (1) of section 88A to the eligible issue of capital under that sub-section within the period of six months specified therein, may be directed by the Deputy Commissioner to pay by way of penalty a sum equal to twenty per cent. of the amount not subscribed to the eligible issue of capital.

This amendment will take effect from 1st April, 1990.

*Clauses 42, 43 and 44* seek to amend sections 271C, 271D and 271E of the Income-tax Act.

The proposed amendments seeks to insert a new sub-section (2) in each of the said sections to provide that penalty under each section shall be imposed by the Deputy Commissioner.

These amendments will take effect from 1st April, 1990.

*Clause 45* seeks to amend section 275A of the Income-tax Act relating to punishment for contravention of certain orders made under section 132.

The proposed amendment seeks also to provide for punishment in case of contravention of an order made by the authorised officer under the second proviso to sub-section (1) of section 132 prohibiting the owner or person who is in immediate possession or control of any valuable article or thing from removing it.

This amendment will take effect from 1st April, 1990.

*Clause 46* seeks to omit Chapter XXII-B of the Income-tax Act relating to tax credit certificates.

Under the provisions of this Chapter, which was introduced with effect from 1st April, 1965, tax credit certificates were granted to assessee fulfilling certain conditions. These certificates were to be utilised for the adjustment of the tax liability or for refund or both. This Chapter has now become virtually redundant and is, therefore, being omitted. However, if a person still possesses any tax credit certificates granted under section 280Z or section 280ZC, he shall be allowed to utilise the same up to 31st March, 1991.

This amendment will take effect from 1st April, 1990.

*Clause 47* seeks to amend section 288 of the Income-tax Act.

The proposed amendment in clause (b) of sub-section (4) of that section seeks to provide that a person on whom penalty has been imposed under section 271(1)(ii) shall not be disqualified to represent an assessee as authorised representative.

This amendment will take effect from 1st April, 1990.

**Clause 48** seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act.

**Clause 49** seeks to amend section 2 of the Wealth-tax Act.

The proposed amendment seeks to amend the definition of the expression "regular assessment" given in clause (ob) of that section so as to clarify that it would mean an assessment made only under sub-section (3) or sub-section (5) of section 16.

This amendment will take effect retrospectively from 1st April, 1989.

**Clause 50** seeks to amend clause (xxviic) of sub-section (1) of section 5 of the Wealth-tax Act to extend the exemption from wealth-tax in respect of deposits made, in accordance with the scheme referred to in item (i) of sub-clause (iv) of clause (15) of section 10 of the Income-tax Act by an employee of the Central Government or a State Government, also to deposits made by an employee of the public sector company. It is also proposed to insert an *Explanation* in that clause to define the expression "public sector company".

These amendments will take effect from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

**Clause 51** seeks to amend section 10 of the Wealth-tax Act.

The proposed amendment seeks to empower the Central Board of Direct Taxes to relax the provisions of section 14, 15 and 17B also in respect of any class of cases.

This amendment will take effect from 1st April, 1990.

**Clause 52** seeks to amend section 16 of the Wealth-tax Act relating to assessment.

Sub-clause (a) seeks to insert a new sub-section (1B) on the lines of similar sub-section inserted in section 143 of the Income-tax Act *vide clause 26*.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

Sub-clause (b) seeks to amend sub-section (4) on the lines of similar amendment made in section 142(1) of the Income-tax Act *vide clause 34*.

This amendment will take effect 1st April, 1990.

**Clause 53** seeks to amend section 17 of the Wealth-tax Act.

The proposed amendment seeks to amend clause (a) of sub-section (1B) of that section on the lines of similar amendment made in the corresponding section 151(1) of the income-tax Act.

This amendment will take effect from 1st April, 1990.

*Clause 54* seeks to insert a new section 35EEE in the Wealth-tax Act.

The new section seeks to provide for punishment in case of contravention of an order made by the authorised officer under the second proviso to sub-section (1) or sub-section (3A) of section 37A prohibiting the owner or person who is in immediate possession or control of any valuable article or thing from removing it. Any person contravening the said orders shall be punishable with rigorous imprisonment up to two years and with fine.

This amendment will take effect from 1st April, 1990.

*Clause 55* seeks to amend sub-section (1) of section 35K of the Wealth-tax Act relating to bar on prosecution, etc.

The proposed amendment seeks to apply sub-section (1) of section 35K to the assessment in any assessment year so that no person is proceeded against for an offence under section 35A or section 35D where the penalty imposed or imposable under section 18(1)(iii) has been reduced or waived under section 18B.

This amendment will take effect retrospectively from 1st April, 1989.

*Clause 56* seeks to substitute a new rule for the existing rule 18 of Schedule III to the Wealth-tax Act.

Under the existing provisions of clause (a) of rule 18, the Assessing Officer has to compulsorily accept the valuation declared by the assessee in the return in case the declared value of the jewellery does not exceed rupees five lakhs.

Clause (b) provides that in every case where the value of jewellery declared is in excess of rupees five lakhs, the Assessing Officer has to compulsorily refer it to the Valuation Officer.

The proposed amendment seeks to provide that the value of jewellery shall be estimated to be the price which it would fetch if sold in the open market on the valuation date. However, if the Assessing Officer is of the opinion that the value of jewellery declared in the return is less than the fair market value, he may, having regard to the provisions of clause (a), or sub-clause (i) of clause (b), of sub-section (1) of section 16A, refer it to the Valuation Officer and the value estimated by the said Officer shall be the value of such jewellery. It is also being provided that the assessee has to make a statement in the prescribed form, where the value of jewellery declared by him in the return does not exceed rupees five lakhs. However, where the value of the jewellery declared by the assessee exceeds rupees five lakhs, the return has to be supported by a report of the registered valuer.

A consequential amendment is also being made in rule 19.

These amendments will take effect from 1st April, 1990 and will, accordingly, apply in relation to the assessment year 1990-91 and subsequent years.

*Clause 57* seeks to amend section 9 of the Gift-tax Act.

The proposed amendment seeks to empower the Central Board of Direct Taxes to relax the provisions of sections 13, 14 and 16B also in respect of any class of cases.

This amendment will take effect from 1st April, 1990.

**Clause 58** seeks to amend section 15 of the Gift-tax Act relating to assessment.

**Sub-clause (a)** seeks to insert a new sub-section (1B) on the lines of similar sub-section inserted in section 143 of the Income-tax Act *vide clause 36*.

This amendment will take effect retrospectively from 1st April, 1989 and will, accordingly, apply in relation to the assessment year 1989-90 and subsequent years.

**Sub-clause (b)** seeks to amend sub-section (4) on the lines of similar amendment made in section 142(1) of the Income-tax Act *vide clause 34*.

This amendment will take effect from 1st April, 1990.

**Clause 59** seeks to amend section 16 of the Gift-tax Act.

The proposed amendment seeks to amend clause (a) of sub-section (1B) of that section on the lines of similar amendment made in the corresponding section 151(1) of the Income-tax Act.

This amendment will take effect from 1st April, 1990.

**Clause 60** seeks to amend the Customs Act, 1962.

**Sub-clause (a)** seeks to substitute sub-section (5) of section 129C to provide that where the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, but if the members are equally divided, they shall state the point or points on which they differ and make a reference to the President who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other members. Such point or points shall be decided according to the opinion of the majority including the members who had first heard the point or points.

**Sub-clause (b)** seeks to insert a new section 154A which provides for rounding off of duty, interest, penalty, fine or any other sum payable or due under the provisions of the Act.

**Clause 61** read with the Second Schedule seeks to amend the Customs Tariff Act, 1975 to—

(a) raise the basic customs duty rates on—

- (1) Ash and residues, containing mainly copper; and
- (2) Sparking plugs;

(b) restructure the basic customs duty on *specific cum ad valorem* basis on—

- (1) Saccharin and its salts;
- (2) Slide fasteners and parts thereof.

**Clause 62** seeks to levy up to the 31st March, 1991, auxiliary duties of customs on all imported goods at the rate of 50 per cent of their value.

**Clause 63** seeks to amend the Central Excises and Salt Act, 1944, so as to insert a new section 37D which provides for rounding off of duty, interest, penalty, fine or any other sum payable or due under the provisions of the Act.

**Clause 64** read with the Third Schedule seeks to amend the Central Excise Tariff Act, 1985 to—

- (a) impose a levy on Ethyl alcohol other than alcoholic liquors for human consumption;
- (b) raise the statutory rates of basic excise duty on—
  - (1) Whole milk powder;
  - (2) Coffee substitutes, coffee husks and skins;
  - (3) Malt, inulin and wheat gluten;
  - (4) Gums, resins and other vegetable saps and extracts;
  - (5) Vegetable plaiting materials and other vegetable products;
  - (6) Animal fats and oils, industrial fatty acids and alcohols, vegetable and insect waxes;
  - (7) Cocoa and Cocoa preparations;
  - (8) Roasted chicory and other roasted coffee substitutes extracts, essences or concentrates of coffee, yeast, banking powder, ice cream and paan masala;
  - (9) Vinegar and substitutes thereof;
  - (10) Cigarettes and certain other tobacco products;
  - (11) Hydroxides and peroxides of sodium and potassium; Aluminium hydroxide;
  - (12) DMT and PTA;
  - (13) Glands and other organs and extracts thereof, heparin and its salts, for therapeutic or prophylactic uses;
  - (14) Organic surface active agents, surface-active preparations and washing preparations;
  - (15) Certain varieties of tyres and flaps;
  - (16) Certain articles of leather;
  - (17) Manufactures of furskins and artificial fur;
  - (18) Certain specified wood products;
  - (19) Certain articles of paper and paperboard;
  - (20) Paper transfers;
  - (21) Jute and jute products;
  - (22) Textile fabrics, coated, covered or laminated with plastics;

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(23) Mill stones, grind stones and certain other articles of stone, plaster, cement, asbestos, mica and similar materials;

(24) Glass liners for vacuum flasks and other vacuum vessels;

(25) Certain specified precious metals and articles thereof;

(26) Pig iron, ferrous products obtained by direct reduction of iron ore and other spongy ferrous products;

(27) Iron ingots, waste and scrap of iron or steel, granules, powders, etc., of pig iron;

(28) Tubes, pipes and hollow profiles of iron or steel;

(29) Certain cooking and other appliances of iron or steel and other cast articles of iron or steel;

(30) Lead and articles thereof;

(31) Certain specified articles of zinc;

(32) Video recording or reproducing apparatus;

(33) Certain electrical machines and apparatus having individual functions;

(34) Motor cars and other motor vehicles for transport of persons; chassis for public transport type passenger motor vehicles and vehicles for the transport of goods; and

(35) Vacuum flasks and other vacuum vessels and parts thereof;

(c) reduce the statutory rates of basic excise duty on—

- (1) Chemically pure sucrose, sugar preparations and sugar confectionary, not containing cocoa;
- (2) Residues and waste from food industries;
- (3) Cement clinkers, aluminaeum cement and marble industry;
- (4) Ores, slag and ash;
- (5) Certain types of tyres;
- (6) Leather;
- (7) Manufactures of straw, esparato and other plaiting materials;
- (8) Wood pulp;
- (9) Foot wear and parts thereof;
- (10) Headgear and parts thereof;
- (11) Walking sticks, seat sticks, whips, etc.;
- (12) Artificial flowers and articles of human hair;

(d) change the tariff description and restructure the duty rates respect of—

- (1) Certain mineral substances;

- (2) Tyres for animal drawn vehicles and hand carts;
- (3) Cotton yarn and fabrics;
- (4) Synthetic and artificial filament yarn and man-made fabrics;

(5) Linoleum and other textile floor coverings and wall coverings;

(e) change the Chapter Notes in respect of—

(1) Chapter 25, so as to replace the existing Note 2 as a consequence of restructuring of tariff description of mineral substances;

(2) Chapter 40, so as to amend Note 9 to clarify the scope of plates, sheets and strips of vulcanised rubber, other than hard rubber, for resoling or repairing or retreading of rubber tyres;

(3) Chapter 44, so as to introduce a new Chapter Note to provide a definition for "similar laminated wool";

(4) Chapter 48, so as to introduce a new Chapter Note to provide a definition for "wall paper and similar wall coverings";

(5) Chapter 59,—

(a) so as to amend Note 2 relating to impregnated/coated fabrics to cover all partially or discretely plastic coated textile fabrics in heading No. 59.03;

(b) so as to introduce a new Chapter Note to provide a definition for "textile wall coverings".

**Clause 65** seeks to levy up to the 31st March, 1991, special duties of excise on all excisable goods at the rate of 10 per cent. of the duty leviable under the Central Excises and Salt Act, 1944 read with the Schedule to the Central Excise Tariff Act, 1985.

**Clause 66** read with the Fourth Schedule seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, so as to—

(a) raise the additional excise duty on—

(1) Cigarettes;

(2) Textile fabrics, coated or covered or laminated with plastics;

(b) omit from the scope of additional excise duty in lieu of sales tax—

(1) Woollen hair belting and woollen blankets;

(2) Certain rubberised textile fabrics;

(c) change the tariff description and the duty rates in respect of cotton and man-made fabrics.

**Clause 67** seeks to raise the additional excise duty under the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, from 15 per cent. to 20 per cent. of the duty leviable under the Central Excises

and Salt Act, 1944 read with the Schedule to the Central Excise Tariff Act, 1985.

Clause 68 seeks to repeal the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953.

Clause 69 seeks to amend sections 41 and 42 of the Finance Act, 1989, so as to make applicable the levy of inland air travel tax on the entire ticket fare, whether paid in Indian currency or in any other currency, from a date to be notified by the Central Government.

Clause 70 seeks to substitute the First Schedule to the Indian Post Office Act, 1898 so as to revise the rates of certain inland postal services included therein.

It is proposed to increase the rate of printed post card from the existing 40 paise to 60 paise.

The rate of letter card is 35 paise plus 15 paise as stationery charge for embossed letter card. It is now proposed to fix a rate of 75 paise per letter card and do away with the stationery charge.

For envelopes the present rate is 60 paise for the first 10 gms. and 40 paise for every 10 gms. in excess of 10 gms. There is a stationery charge of 15 paise for embossed envelopes. It is now proposed to fix a rate of Re. 1 for the first 20 gms. and Re. 1 for every additional 20 gms. or fraction thereof. It is also proposed to do away with the present stationery charge.

The present rate of book pattern and sample packets is 50 paise for the first 50 gms. and 50 paise for every additional 50 gms. It is now proposed to fix a rate of Re. 1 for the first 50 gms. and Re. 1 for every additional 100 gms. or fraction thereof.

The present rate for parcel is Rs. 4 for every 500 gms. or fraction thereof. It is now proposed to increase it to Rs. 6 for every 500 gms. or fraction thereof.

### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 10 of the Bill seeks to substitute sub-section (1) of section 35CCB of the Income-tax Act. Under clause (a) of that sub-section, programmes of conservation of natural resources or afforestation are to be approved by an authority prescribed by rules. Under clause (b) of that sub-section, the Central Government is empowered to notify a fund for afforestation for the purposes of that section.

Clause 11 of the Bill seeks to substitute *Explanation 4* of section 43B of the Income-tax Act. Under clause (c) of *Explanation 4*, the Central Government is empowered to approve State Industrial Investment Corporations engaged in the business of providing long-term finances for the purposes of section 43B.

Clause 15 of the Bill seeks to insert a new section 80CCB in the Income-tax Act. Under sub-section (1) of that section, the Central Government is empowered to specify a scheme under which plans are to be formulated for the purposes of issuing units of any Mutual Fund or of the Unit Trust of India.

Clause 16 of the Bill seeks to insert a new section 80DD in the Income-tax Act. Under clause (b) of sub-section (1) of that section, the Central Board of Direct Taxes is empowered to make rules for specifying permanent physical disability and the extent of mental retardation which will enable an assessee to claim benefit under the said section.

Clause 28 of the Bill seeks to insert new sections 87, 88 and 88A in the Income-tax Act. Under clauses (v), (ix), (xi), (xiii), (xiv) and (xv) of sub-section (2) of section 88, the Central Government is empowered to specify various matters in relation to certain funds and schemes covered by the said clauses. Under the proviso to sub-section (1) of section 88A, proviso to sub-clause (ii) and sub-clause (iv) of clause (a) of sub-section (3) of that section and under clause (d) of that sub-section, the Central Board of Direct Taxes is empowered to approve certain securities of the Central Government and to make rules for the purposes of the said provisions.

Clauses 31, 51 and 57 of the Bill seek to amend section 119 of the Income-tax Act, section 10 of the Wealth-tax Act and section 9 of the Gift-tax Act, respectively. Under the proposed amendments, the Central Board of Direct Taxes is being empowered to issue general or special orders in respect of any class of incomes or class of cases in relation to matters covered by section 139, section 234A and section 234B of the Income-tax Act, section 14, section 15 and section 17B of the Wealth-tax Act and section 13, section 14 and section 16B of the Gift-tax Act respectively.

Clause 56 of the Bill seeks to make certain amendments in Schedule III to the Wealth-tax Act. Under clause (i) and (ii) of sub-rule (2) of rule 18 the Central Board of Direct Taxes is being empowered to make

rules for prescribing forms in which the assessee will make a statement or, as the case may be, the valuer of jewellery will give a report.

The aforesaid provisions of the Income-tax Act, the Wealth-tax Act and the Gift-tax Act empower the Central Government or the Central Board of Direct Taxes to issue notifications, specify schemes and make rules for the purposes specified in the relevant provisions. The matters in respect of which notifications may be issued or schemes may be specified or rules may be made in accordance with the aforesaid provisions are matters of administrative detail or procedure and it is not practicable to provide for them in the Bill itself.

The delegation of legislative power is, therefore, of a normal character.

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SUBHASH C. KASHYAP,  
*Secretary-General.*

